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Reagan, Congress In Budget Stalemate

Lack of 'Political Courage' Is Blamed As Huge Deficits Threaten Recovery

By Robert A. Rosenblatt
and Paul Houston
Los Angeles Times Service

WASHINGTON — President Ronald Reagan and Congress have reached a stalemate over the budget and taxes at a time when a huge federal deficit threatens to slow the economic recovery.

There is virtually no chance for passage of a major tax bill this year, White House and congressional sources agree. Instead, they think that Congress will ignore its own deadline of next Friday to enact a budget plan calling for \$73 billion in tax increases and \$12 billion in spending cuts over the next three years.

Without any action, the government will continue spending at current levels, paving the way for several years of massive deficits.

"Getting the deficit down takes political courage," said Representative James R. Jones of Oklahoma, the Democratic chairman of the House Budget Committee. "There's not a whole lot of courage these days, it seems, either on the part of Congress or the White House."

A lot of politicians are willing to make the 1984 election year last through the 1984 election and they can postpone the hard decisions until after the elections," Mr. Jones said. "Huge deficits are as deadly to the American econo-

my as a Soviet missile was to that Korean jetliner."

Indeed, spring and summer expectations about the budget deficit, which is likely to surpass \$200 billion this year, suddenly have quieted as the White House and members of Congress maneuver for political advantage in anticipation of the 1984 elections.

Mr. Jones and others fear that the budget gap will consume much of the capital that could be used to finance business expansion and create jobs. As the government borrows heavily to finance the deficit, interest rates are likely to rise, choking off the recovery in key credit-sensitive industries, such as housing and autos.

Many economists fear that this is inevitable unless the administration and Congress can agree on ways to cut spending and raise taxes. Otherwise, the competition between business and the government for borrowed funds could produce a collision of "disastrous consequences," according to a report by Wharton Econometrics, a forecasting and consulting firm.

Both Mr. Reagan and members of Congress earlier sought tax increases to help close the gap between federal revenues and outlays. But their sense of urgency appears to have evaporated, perhaps both because of the election campaign and the recovery itself.

(Continued on Page 3, Col. 3)

Delay Seen in Choosing A Successor to Begin

Compiled by Our Staff From Dispatches

JERUSALEM — Hopes for a speedy choice of a successor to Prime Minister Menachem Begin of Israel were set back Friday when President Chaim Herzog said he would confer with all parliamentary factions to find a candidate.

Mr. Herzog announced he would start consulting Sunday with leaders of each of the dozen parties and factions represented in the Knesset, Israel's parliament.

He said he thought the naming of a candidate to form the new government could be made by mid-week.

Members of Mr. Begin's dominant Likud bloc expressed disappointment, saying they expected Mr. Herzog to speed up the process in view of the serious problems facing the nation. Mr. Begin resigned Thursday.

Roni Milo, a Likud parliamentary member, said the president was "following the book, but since the Likud is the only party with a signed agreement guaranteeing it a parliamentary majority, we expected him to speed up the process and name Foreign Minister Yitzhak Shamir to form the next government."

But only after Mr. Herzog completes his meetings will he be authorized to form a government to succeed the coalition headed by Mr. Begin, who resigned Thursday.

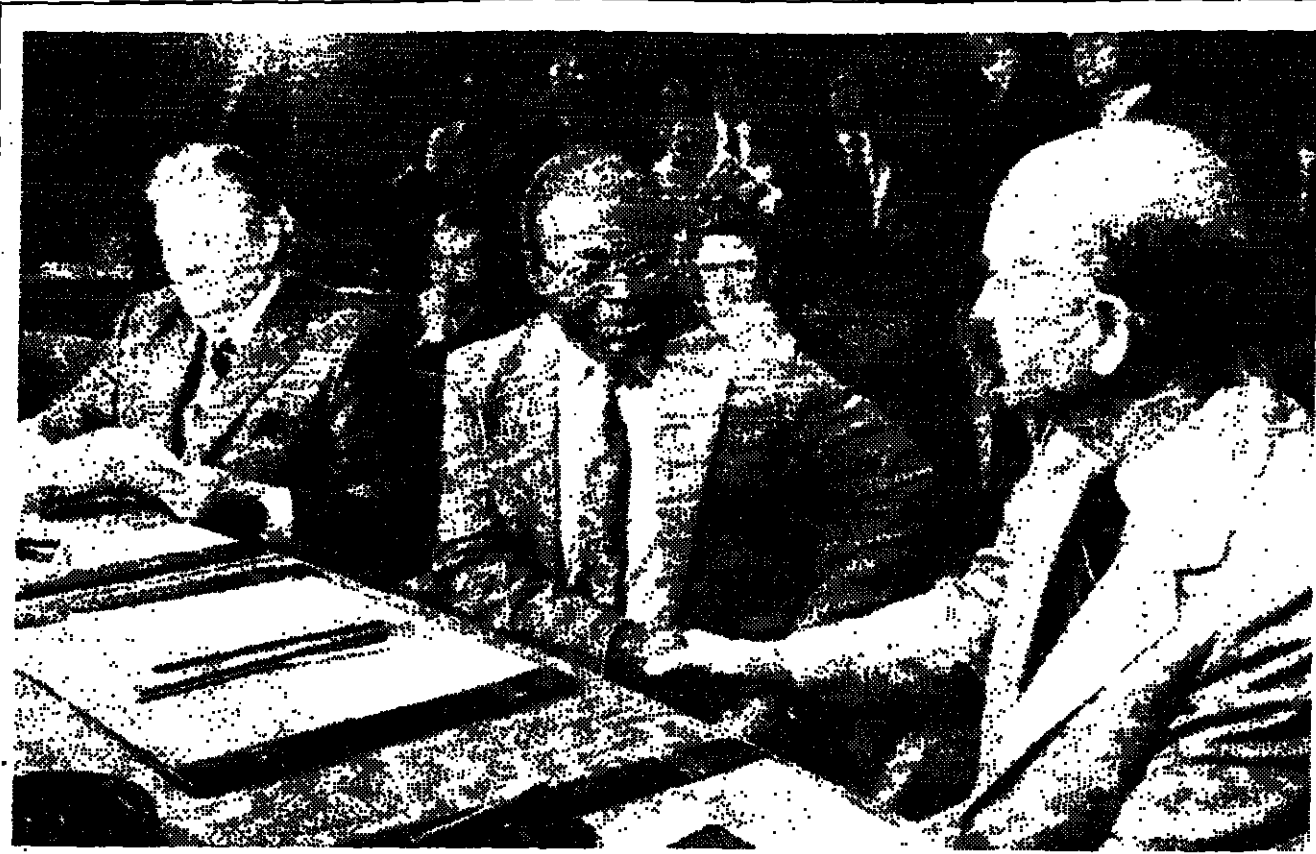
Mr. Shamir, who is most likely to set up the next government, hammered out an agreement with members of the present coalition last week to regroup under his leadership.

Likud, a coalition of five rightist and religious parties, commands a majority of 64 votes in the 120-seat parliament.

An opinion poll of 1,183 people by the Dahaf agency, published Friday in the daily newspaper *Yedioth Ahronoth*, showed that an election now would give Likud 52 seats in the parliament compared



Yitzhak Shamir



SESSION ON AIRLINER — J. Lynn Helms, head of the U.S. Federal Aviation Administration, right, greeting L.Z. Nkweta, the Cameroon delegate, at the International Civil Aviation Organization's meeting Friday on the downing of the South Korean jet. At left is V.I. Sajine, a Soviet delegate to the UN agency. Page 2.

Democrats Act to Force Troop Question

By Steven V. Roberts
New York Times Service

WASHINGTON — Senate Democrats have moved to force President Ronald Reagan to seek authorization under the War Powers Resolution to cover the continuing presence of the U.S. Marines in Lebanon.

The action came Thursday night after repeated attempts during the day failed to work out a compromise with the White House.

Democrats, in a party caucus, decided unanimously to take the issue to the Senate floor by introducing a resolution saying that the marines are involved in "hostilities" and that the president therefore has to seek congressional approval under the War Powers Resolution to keep them in Lebanon.

The move, which obscured basic agreement between Congress and the White House on the need for the marines in Lebanon, put Congress and the White House a step closer to a constitutional confrontation over the war-making powers of the presidency and Congress.

There was no immediate indication of when the Democratic resolution, which was referred to the Senate Foreign Relations Committee, will be brought to a vote on the Senate floor. Efforts continued between congressional leaders and the White House to work out a compromise.

The Democratic resolution posed a new threat to the White House, since there is a possibility that enough Republicans will vote with the Democrats to pass the resolution if no compromise is reached.

"We want to cooperate with the president," said Senator Robert C. Byrd, Democrat of West Virginia and minority leader. "But this is the law, and the law cannot be winked at."

Congressional Democrats and many Republicans have insisted that the War Powers Resolution should apply to the Lebanese situation because four marines have been killed there in the past two weeks during increasing civil violence.

When that issue could not be resolved in several meetings during the day, the Senate Democrats decided to move ahead with their resolution in the hope of "forcing the issue," as one Senate aide put it.

The resolution would have to be passed by both houses of Congress and signed by the president to have the force of law.

After the Democratic caucus,

War Powers Issue Revives Old Debate

Congress Insists on Voice in Deciding Where Troops Go

By Joseph Fitchett
International Herald Tribune

WASHINGTON — The Reagan administration's problems with Congress over the U.S. Marines' mission in Lebanon has revived a long-running political and institutional struggle between Congress and the White House.

Most U.S. policymakers agree that the credibility of the United States is at stake in the Lebanese situation, but there is disagreement about how U.S. power should be used there — and, perhaps more importantly, about what the legal basis is for maintaining and using U.S. forces there.

The clash, focused on the applicability of the War Powers Resolution, dates from debates of the Vietnam War era.

The War Powers Resolution was approved in 1973 when U.S. public opinion was turning against the Vietnam War. The Lebanon situation is its first major test.

Under the act, the president must notify Congress within 48 hours after he sends U.S. troops into combat situations. It prohibits him from keeping them there beyond 90 days without a declaration of war or a joint resolution of approval by Congress.

The law was passed when Congress wanted to prevent an erosion of its voice in the decision to wage war. Congressmen then felt that Lyndon B. Johnson and Richard M. Nixon had conducted the Vietnam War despite manifest congressional opposition.

The constitutionality of the law has been questioned, especially since the Supreme Court struck down a so-called "legislative veto" this summer. But presidents including Gerald R. Ford, Jimmy Carter and Ronald Reagan all have submitted war powers reports to Congress, announcing the use of U.S. troops in the Mayaguez rescue attempt, the Iran hostage raid and the deployment to Lebanon. But the announcements have been after the event.

The question this time is whether Congress can get the president to agree that he needs congressional authorization to keep the marines in Lebanon indefinitely.

Mr. Reagan does not want to set a precedent by accepting Congressional authority. The White House contends the marines are simply a peacekeeping force, but congressmen argue that the marines — under fire and firing back — are in combat.

U.S. officials hope the threat of escalating U.S. involvement will help quell the shooting. A U.S.-backed plan calls for an in-place cease-fire, policed by an international contingent or by French troops alone, to be followed by negotiations to form a government of national reconciliation and the deployment of the Lebanese Army.

Key U.S. officials are doubtful that Syria will agree to plan. Even if the fighting subsides in Lebanon, the debate over presidential power is likely to continue in Washington.

Mr. Reagan probably could obtain congressional support for a sustained military presence in Lebanon, including more involvement in combat, many congressmen and aides say privately. But the administration is resisting a congressional review.

Such a review would open new discussion on policy in Lebanon, an aspect of Mr. Reagan's foreign policy that is becoming controversial just as election campaigns start.

Some senators have been taken aback by the swift escalation of aid in Lebanon, which has gone from side arms to jump jets. They resent what they see as an attempt by the White House to sneak the United States into a bigger role in Lebanon without first explaining it to the public.

Many lawmakers, both in the

(Continued on Page 3, Col. 4)

Lebanese Planes Hit Palestinian, Druze Positions

By J. Michael Kennedy
Los Angeles Times Service

BEIRUT — Lebanon sent its tiny air force into action for the first time in more than 10 years Friday and launched a major ground offensive in the Chuf Mountains in an attempt to dislodge Syrian-backed militias from strategic towns above Beirut.

Although one ancient Hawker-Hunter jet fighter-bomber was shot down and another badly damaged by ground fire, the offensive marked a dramatic turnaround for both the Lebanese Army and for government policy. The development apparently was brought on by lack of progress in cease-fire negotiations with Syria.

Until Friday, the army had been restricted to holding strategic positions around Beirut. But Western military sources said that President Amin Gemayel ordered the offensive after it became clear Thursday night that no cease-fire was imminent.

As the Lebanese troops set out to take the high ground between the villages of Souk el-Gharb and Kabr Shoun southeast of Beirut, the U.S. Marine contingent here came under heavy mortar fire twice Friday morning. Warrant Officer Charles Rowe said that six rounds fell in the marines' compound and many more landed just outside it. There were no casualties.

Two hours later, three rockets landed on Beirut's fashionable seaport cornice. A U.S. Embassy spokesman, John Stewart, said that one of them fell near the beach at the American University of Beirut, another on the university campus itself and the third near the British Embassy. A portion of the British Embassy contains the offices of American diplomats, who have been working there since their own building was blown up by a car bomb last April 19.

The major action of the day began at 7 A.M., when Lebanon's five operational military jets went aloft to pound positions held by Druze and Palestinian militiamen, who have been trying for more than a week to wrest Souk el-Gharb from the army.

The night before, the army had said in a communiqué that it had held off a fierce attack on its positions. The government troops held on through the night and launched their offensive in the morning. A Western military source said that the move was aimed principally at closing infiltration routes into Beirut being used by Palestinian guerrillas.

"The army has more than just reports," he said. "They have taken quite a few prisoners trying to infiltrate."

Just before the offensive began, the commander of the army, Major General Ibrahim Tannous, was reported to have told his men that if they failed, "the state will be crippled and Lebanon will be partitioned."

The Hawker-Hunters, British-made jets obtained by Lebanon in the late 1950s, bombed and strafed Druze artillery positions and repeatedly attacked what the government said was an advancing force of Palestinians. The plane that was lost was hit by either small-arms or anti-aircraft fire and crashed into the Mediterranean Sea.

The pilot ejected and was picked up later by a helicopter from the U.S. aircraft carrier *Eisenhower*.

The use of the Hunter-Hunters came a day after Lebanese pilots spirited them away from Beirut International Airport, which has been closed for nearly three weeks.

Large areas of the mountainous region above Beirut, and Christian sections of the city itself, came under heavy shelling Friday. The Lebanese government, as well as Western diplomats, maintain that Syria is supplying a large amount of the arms and ammunition to the Druze, members of an offshoot sect of Islam, and their Palestinian allies.

Saudi and U.S. emissaries have been trying to arrange a cease-fire, but objections to the terms by the Lebanese and Syrians have so far made agreement impossible.



Rescuers carrying a Lebanese pilot whose jet was downed. The helicopter is a U.S. CH-46.

Marchers Ask Marcos Resignation

Compiled by Our Staff From Dispatches

MANILA — Thousands of demonstrators brought Manila's financial district to a standstill Friday as they marched through the streets demanding the resignation of President Ferdinand E. Marcos.

Office workers and business executives halted traffic under clouds of confetti thrown from banks, travel agencies and airline offices lining the streets of Makati, the main business district, as they chanted: "Marcos, resign!"

"This is not going to stop," a businessman said, adding in a reference to the Iranian revolution: "It's almost like the last few weeks of the Shah. It will build up and build up."

Relatives of Benigno S. Aquino Jr., the opposition leader who was assassinated Aug. 21, joined leaders of a 12-party coalition known as the United Nationalist Democratic Organization at the front of the procession down Ayala Avenue, the district's main street.

Firecrackers and applause sounded as the group's president, Salvador H. Laurel, told his followers: "Nothing is impossible for the opposition."

The police said that as many as 20,000 people may have taken part. They said it was the first time a political rally had been held in Makati since martial law was lifted three years ago.

Some leaflets urged boycotts of companies owned by the Marcos family and his "greedy cronies," and listed hotels, banks, newspapers, brands of cigarettes and alcoholic drinks that they said should be avoided.

In central Manila, meanwhile, more than 1,000 students staged a "funeral march" to the offices of three pro-government newspapers to mourn what they said was the death of press freedom in the Philippines. That procession followed a demonstration by several thousand students Thursday night to protest Mr. Aquino's murder.

Also on Friday, a boycott of classes in universities and colleges went into its third day. Several newspapers reported that education officials have called for a crisis meeting on the situation.

In another development Friday, Mr. Laurel said a number of other opposition figures were considering following his lead and resigning law.

INSIDE

- Soviet-Chinese talks produce no breakthrough. Page 5.
- West Germany accuses Russia of hardening its position in Geneva. Page 5.
- Jesse Jackson tours West Berlin. Page 3.
- BUSINESS/FINANCE
- Demand for 130 million BP shares should be strong. Page 7.
- Osborne Computer's problems may presage an industry shakeout. Page 7.

U.S. Will Offer Airlines New Navigation System

United Press International

WASHINGTON — Prompted by the Soviet downing of the Korean 747, the United States plans to offer the world's airlines use of a new navigational system being developed by the government, the White House said Friday.

The Global Positioning System, expected to begin operating in 1988, is designed to give pilots more accurate information on latitude, longitude and altitude and help keep them from straying off course.

Carcinogens and Preventives Found in Daily Diet

By Philip J. Hilts
Washington Post Service

WASHINGTON — Americans consume 10,000 times more cancer-causing chemicals naturally in their daily diet — in items ranging from alfalfa sprouts to meat to breakfast toast — than from man-made pesticides, according to an article published Friday in *Science* magazine.

Scientists also have found that foods naturally contain a range of cancer-preventing chemicals, or "anti-carcinogens," according to Bruce N. Ames, a leading cancer specialist and chairman of the department of biochemistry at the University of California at Berkeley, who wrote the article.

Because scientists soon will be able to identify both the cancer-causing and the cancer-preventers in the human diet and will try to bring them into balance, an era is near in which people will be able to "fine-tune their diets" to avoid many major causes of cancer, Mr. Ames said. His article surveyed more than 179 recent studies of diet and cancer.

The leading known cause of cancer death is the smoking of tobacco, he said, which accounts for about 30 percent of the approximately 350,000 cancer deaths in the United States annually.

Diet is believed to be the second major cause of cancer, with rates varying around the world according to local diet. People who migrate from one area to another tend to adopt the local diet and be subject to the local cancer rates, which may be higher for some types of cancer and lower for others.

Because of the variation, Mr. Ames said, there is "hope that each major type of cancer may be largely avoidable."

In trying to sort out what it is in the diet that causes or prevents cancer, he wrote: "Laboratory studies of natural food... and cooked food are beginning to uncover an extraordinary variety of mutagens [chemicals that cause changes in cells] and possible carcinogens and anti-carcinogens."

Although scientists have just begun to discover the natural cancer-causers and preventers in food, Mr. Ames lists some candidates:

- Fats such as those in meat, butter, milk and other foods may

be a major problem because they can break down chemically in the body to create "free radicals," chemicals with an extra electron and therefore an extra electrical charge that can disrupt chemical action in a cell.

- A variety of vegetables contain what Mr. Ames calls "natural pesticides" made by plants to protect against insects, fungi and animals. He gave 17 examples of vegetable groups with possibly dangerous chemicals, including alfalfa sprouts, oil of saffron, mushrooms, celery, potatoes, rhubarb and cocoa.
- Burned and browned foods, including everything from caramelized sugar to toast, "contain a large variety of DNA-damaging agents and presumptive carcinogens," he said. Smokers, who consume burned tobacco, "have more easily detectable levels of mutagens in their urine than nonsmokers, but so do people who have consumed a meal of fried pork or bacon."
- Substances that appear to have some anti-cancer effects include Vitamin C, Vitamin E, a rare and toxic mineral called selenium, and beta-carotene, a chemical found in

carrots and most green vegetables.

Mr. Ames said that a dietary-caused cancer could result from the lack of an anti-carcinogen in the diet rather than the presence of a cancer-causer.

In the report, Mr. Ames said the studies "illustrate that the human dietary intake of 'natural' pesticides is likely to be several grams per day, probably at least 10,000 times higher than the dietary intake of man-made pesticides."

"The public has been focusing on man-made chemicals in recent years, when the reality is that natural hazards are enormously more prevalent than the man-made ones."

In a telephone interview, Mr. Ames said he was very optimistic because researchers are beginning to have the tools not only to look at cancer-causing substances but also to begin to separate the minor ones from the major ones.

"I think there will be a time in 10 to 20 years when we will be testing people to find out the levels of these chemicals in their diets, just as easily as we take blood tests now," he said.

UN Unit Adopts Western Resolution 'Deeply Deplores' Downing of Jet

Compiled by Our Staff From Dispatches
MONTREAL — The International Civil Aviation Organization Friday overwhelmingly adopted a resolution introduced by Western member countries which "deeply deplored" the downing of a South Korean airliner and called for an independent inquiry.

Twenty-six members of the 33-member governing council of the specialized UN agency supported the resolution.

When it was passed, an alternative Soviet proposal that had called for other countries to supply data for a Soviet investigation of the crash was automatically dropped.

Only Czechoslovakia and the Soviet Union voted against the Western proposal. Three countries abstained, and two other council

members, Iraq and Lebanon, were not present for the vote.

Speaking in behalf of the Western resolution, J. Lynn Helms, head of the U.S. Federal Aviation Administration, called for an early approval of it because, he said, the traveling public was "hanging in suspense" for affirmation of the safety of international flights.

"We dare not let armed force be used against civil aircraft," Mr. Helms said.

The Canadian resolution, co-sponsored by the United States, France, Italy, Australia, Spain, Denmark, West Germany, Japan, Britain and the Netherlands, directs the UN agency's secretary-general to take charge of an investigation and urges all countries involved to cooperate.

The Soviet Union has not permitted outsiders to enter Soviet waters to search for wreckage of Korean Air Lines Flight 7, which was shot down Sept. 1 after crossing the Soviet island of Sakhalin, north of Japan.

Meanwhile, the U.S. State Department in Washington informed Foreign Minister Andrei A. Gromyko that the cannot fly to the United States next week aboard a Soviet Aeroflot plane or land at a commercial airport.

A government spokesman said the Soviet Union had been granted permission to send a "special flight," a military plane, that would have to land at a military base that the Pentagon will select.

The decision follows the announcement by the governors of New York and New Jersey that they would not permit Mr. Gromyko's plane to land at commercial airports in their states.

A UN spokesman, Francois Guilian, said the states' ban on Mr. Gromyko's flight contravenes an agreement between the United States and the United Nations that covers the admittance of all envoys and staff members into the United States. The UN secretary-general, Javier Pérez de Cuellar, "has taken up the matter" with the U.S. permanent mission to the United Nations, he said.

Also Friday, China called for an investigation into the shooting down of the airliner and demanded that Moscow pay compensation to the families of the 269 victims.

KAL Radio Transmission
The pilot of the KAL jet radioed Tokyo shortly after being hit that "rapid decompression" was occurring, sound enhancement of radio transmission to Tokyo's Narita Airport revealed Friday, according to The Associated Press in Tokyo.

It appeared from the tapes played by Japan Broadcasting Corp. that the pilot was referring to decompression, or loss of air pressure, in the passenger cabin and flight deck. Sudden total decompression of an aircraft would kill everyone aboard in seconds, or even cause the plane to break up in flight, but there is no indication that that happened to the KAL jet.

The pilot's last clear message — his own call letters, "KE-007" — came about 50 seconds after a Soviet pilot reported that "the target is destroyed."

Matsumi Suzuki, president of the Japan Acoustic Research Center, said he had used an electronic technique of separating static from voice patterns to pick up phrases previously unintelligible in the Korean pilot's transmission.

On the enhanced tape, which still is not clear, Captain Chung Byung In appeared to be saying to Tokyo: "All engine(s). Rapid decompression. One-zero. One two delta."



Employees of Aeroflot, the Soviet airline, removed all belongings, including a mural of Lenin, from the Washington office before leaving the United States on Thursday.

U.S. Concerned by Tests Of New Soviet Missile

By Michael Getler
Washington Post Service

WASHINGTON — The Soviet Union, which apparently canceled a planned test flight of a new intercontinental-range missile on the night that a South Korean airliner was shot down, did hold such a test three days later, according to sources in the Reagan administration.

The sources said the test was of the new SSX-24 missile and that it failed. This is believed to be the seventh failure in 10 test flights of the new three-stage, solid-fueled missile since it was first tested last October, the sources said.

The expectation by U.S. intelligence that the Russians were about to test the missile on the night of Sept. 1 was the reason, officials said, that an American RC-135 reconnaissance plane was patrolling off the coast of the Soviet Kamchatka Peninsula in international airspace. The peninsula is the area where missiles land after being fired from test centers.

The reconnaissance planes, which are military versions of the four-engine 707 jetliner, and U.S. intelligence ships with radar aboard are used to try to pick up electronic signals from the test missiles as a way to measure Soviet compliance with various arms control agreements.

At one point during the night of

Sept. 1, the RC-135 and Korean Air Lines Flight 7 passed within 75 miles (121 kilometers) of each other while both were in international airspace. The Korean plane later strayed and was shot down in Soviet airspace. The reconnaissance plane, according to the administration, was back in Alaska by then.

The Russians, according to both American and Soviet accounts, initially thought that the plane in their airspace was a U.S. reconnaissance aircraft. The Americans contend that there should have been no way, however, for the Russians to have mistaken the distinctive 747 jumbo jet for the smaller RC-135 once Soviet pilots actually saw it.

According to American officials, the RC-135 returned to its base when it appeared that the planned missile test had been canceled.

The Russians have been testing two missiles in recent months that are of particular concern to the United States. Both use solid fuel and both have had some failures.

The Russians have identified the SSX-24 as a medium-sized rocket. Under previous arms control agreements, each side is allowed one new type of missile.

But the Russians have also made four tests of the PL-5 missile, a smaller and probably mobile solid-fuel weapon. The United States contends that the PL-5 is also new and thus violates previous accords.

Doubts Seen In U.S. Over Facts on 747

Poll Shows 61% Believe Information Is Withheld

By Adam Clymer
New York Times Service

NEW YORK — Three Americans in five believe that the United States government is "holding back information that people ought to know" about the South Korean airliner shot down by the Soviet Union, according to a New York Times-CBS News Poll.

In all, 23 percent of the public said they believed "the American government has told the public all they know about this incident." But 61 percent said they thought the government was holding back. Another 16 percent said they did not know.

And while a majority said they approved of how President Ronald Reagan had handled the situation, their approval seemed tepid. Nearly half of that group said they thought Mr. Reagan had not been "tough enough." Overall, 56 percent said the president had not been tough enough, while 34 percent said his response had been "about right" and 1 percent said "too tough" and 10 percent had no opinion.

Half of the 705 adults interviewed by telephone Wednesday night said they favored halting grain sales to the Soviet Union in retaliation for the attack on the airliner. That was a plurality; 50 percent favored such a step while 40 percent opposed it. Nine percent had no opinion.

But by a majority of 2-1 the public spurned other possible solutions, such as a halt in arms control talks.

The poll recorded a slight increase since last spring in concern about the Soviet Union as an immediate military threat to the United States, and saw a similar drop in support for a nuclear freeze. But it did not suggest that the incident was providing any significant increase in general support for Mr. Reagan.

Forty-six percent of the public said they approved of how Mr. Reagan was handling his job as president, while 39 percent disapproved. In the last Times-CBS News Poll, in late June, the percentages were 47 approving and 39 disapproving.

Moreover, a Gallup Poll taken for Newsweek magazine on Wednesday and Thursday of last week showed 53 percent approving and 39 percent disapproving. Read against the latest Times-CBS News poll, that finding suggests that any rallying of the public behind Mr. Reagan that occurred was only momentary.

An encouraging element for the president in the findings was that the difference between men's and women's opinions of him has narrowed since June. There was a gap of only 8 percentage points between approval by men and women, with 50 percent of men and 42 percent of women saying they supported his handling of his job. In June, the so-called "gender gap" was 17 points.

Public criticism of Mr. Reagan's reactions as too weak has come most often from political conservatives, but that tendency was not borne out in the poll of the general public. While the difference between them was not statistically significant, 59 percent of self-described conservatives and 66 percent of liberals said he had not been tough enough.

Senate Votes To Condemn Russia on Jet

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate has approved, 95-0, a House resolution condemning the Soviet Union's "criminal destruction of the Korean civilian airliner."

Earlier the Senate rejected proposed by Republican conservatives to add tough sanctions that were opposed by the Reagan administration.

The sanctions were turned down, mostly by large margins, after leaders of both the Republican and Democratic parties said that the main purpose of the exercise was a speedy, unanimous and bipartisan statement of condemnation.

"It is more important to speak with one voice than to argue among ourselves about shades of opinion," the chairman of the Foreign Relations Committee, Charles H. Percy, an Illinois Republican, said.

The resolution, approved Wednesday by the House, condemned the "cold-blooded barbarous attack" by the Soviet Union on the Korean Air Lines 747 as "one of the most infamous and reprehensible acts in history."

It also called for an international inquiry on the Sept. 1 incident, a full explanation and apology by the Soviet Union, compensation for the families of the 269 victims and agreement to abide by rules to assure that such an incident is not repeated.

The resolution of condemnation, although nonbinding, now goes to President Ronald Reagan for his signature.

Tass Assaults Resolutions
In Moscow, the Soviet news agency Tass said the House and Senate resolutions were unworthy of Congress, according to United Press International.

WORLD BRIEFS

Walesa Backs Renaming of Solidarity

WARSAW (Reuters) — Lech Walesa, leader of the banned Solidarity union, has been quoted by an underground weekly newspaper as calling for a new and diversified opposition struggle that would temporarily drop the name Solidarity.

The remarks appeared in a Warsaw bulletin as the text of an interview with Mr. Walesa and quoted him as saying he planned to meet leaders of the Solidarity underground shortly. He was quoted as saying: "We must therefore suspend Solidarity for the time being, without forgetting its ideals, and create new regional, communitywide and other opposition unions that would have new names."

Reached at his Gdansk home, Mr. Walesa said the text reflected his thinking and could have been collected from several interviews. "I can endorse 90 percent of it," he said, adding he would have to see the whole article to comment further. The approach echoed that of some other Solidarity activists, who have said recently that using remnants of the old Solidarity structure, formally dissolved under martial law a year ago, is ineffective in the present situation.

Costa Rica to Declare Its Neutrality

SAN JOSE, Costa Rica (Reuters) — President Luis Alberto Monge has announced that Costa Rica will officially declare neutrality on Nov. 17.

Speaking at celebrations to mark the country's 162nd anniversary of independence, Mr. Monge said Thursday that a text of the declaration would be sent to all countries of the world, explaining the bases for the decision. Although he said the neutrality did not refer to any particular conflict, political sources see it as an attempt to avoid the turmoil in Central America, particularly fighting between Nicaragua and rebel forces opposing the leftist Sandinist government.

His announcement came on the same day that the Public Security Ministry disclosed that Costa Rica, which has no standing army, is negotiating to buy heat-seeking missiles and other arms to protect installations against possible air attack.

Chile Drops Bars to Unionists' Return

SANTIAGO (Reuters) — The Chilean government has announced that Manuel Bustos, one of the most prominent trade unionists opposed to President Augusto Pinochet, would be allowed to return to the country. Mr. Bustos, president of the National Labor Coordination, has been in exile for nine months after taking part in an anti-government demonstration. The Interior Ministry said Thursday that it was lifting the decree that prevented him from returning to the country.

Since the appointment last month of Sergio Onofre Jarpa Reyes as interior minister, more than 2,000 exiles have been allowed to return, including many leading political figures. Human rights organizations say tens of thousands of Chileans are still barred from coming home; official estimates are much lower.



U.S. Vice President George Bush and his Yugoslav counterpart, Vidoje Zarkovic, in arrival ceremony Friday.

Bush Pledges Support in Belgrade

BELGRADE (AP) — Vice President George Bush on Friday praised U.S. relations with Yugoslavia, which broke away from Moscow 35 years ago, saying its fierce determination to remain independent "earned the respect of the world."

Mr. Bush, in remarks at a dinner given by his host, Vice President Vidoje Zarkovic, pledged continued U.S. support for the nonaligned country. He arrived Friday for a two-day visit on the fourth leg of a seven-nation tour that is to end in Austria. Mr. Bush was scheduled to leave early Sunday for Romania and Hungary.

"You are determined to resist any attempts to limit your independence and sovereignty," Mr. Bush said, praising Yugoslavia's "strength and determination" in pursuing the goal.

Senior Soviet Official to Visit Cairo

CAIRO (Reuters) — A senior Soviet official will visit Egypt next week for talks on Egyptian-Soviet relations, the Foreign Ministry said here Friday. Ties between the two countries have been improving slowly since 1981, when Egypt expelled several Soviet diplomats.

Oleg Grinevsky, head of the Soviet Foreign Ministry's department of Near East affairs, is due in Cairo on Tuesday for four days of talks. The Egyptian team will be headed by the assistant foreign minister, Omran al-Shafa.

President Anwar Sadat in 1972 ordered thousands of Soviet military advisers out of the country. In 1981, he expelled the ambassador and several diplomats accused of fomenting sedition. But Sadat's successor, Hosni Mubarak, has said that relations between the two countries would be upgraded to ambassadorial level by year's end.

Iran Is Said to Ban Baha'i Groupings

LONDON (UPI) — The Iranian authorities have banned all Baha'i organizations in a new move to restrict the minority's religious practices, a Baha'i group in Britain said Friday.

The group, the National Spiritual Assembly of the Baha'is of the United Kingdom, said in a news release that the Iranian attorney general, Hossein Musavi Tabrizi, imposed the ban last month. After the order, the release said, Baha'i organizations dissolved themselves "in conformity with the Baha'i principle of loyalty and obedience to government."

"Although the Iranian Baha'is will obey this latest attempt to undermine their faith," it added, "they will continue to practice their beliefs and worship in private." The move would effectively end Baha'i gatherings because the faith has no clergy, the release said. The ban follows numerous reports of official Iranian persecution, including executions, of Baha'i members.

Robert Kennedy Jr. Faces Drug Count

RAPID CITY, South Dakota (AP) — Robert F. Kennedy Jr., who has admitted suffering from a drug problem, was charged Friday with possession of heroin, a felony that carries a maximum two-year jail term here, a prosecutor said.

Mr. Kennedy, 29, the son of the late Senator Robert F. Kennedy, became ill Sunday on a flight from Minneapolis to Rapid City. For a reason that remains unclear, police obtained a warrant to search his flight bag. Rod Lefholz, a state's attorney, said results of a drug analysis became available Thursday, but he would not be more specific. In a Circuit Court hearing Friday, Mr. Kennedy's lawyer obtained a bond allowing his client to remain free on his own recognizance.

The young man, a former assistant district attorney in New York City, was traveling to the Black Hills to seek help for his drug problem, according to a family friend, Bill Walsh of Deadwood, South Dakota. Mr. Kennedy said in a statement Wednesday that he had entered a drug treatment program at an unspecified location.

Soviet Cruiser Enters Mediterranean

ISTANBUL (AP) — A new type of Soviet Navy cruiser passed through the Turkish straits on its maiden voyage amid growing signs of a Soviet buildup in the Mediterranean, Turkish naval experts said Friday.

They said the 13,000-ton Shaba left the Black Sea and steamed through the Bosphorus and the Dardanelles on its way to the Mediterranean. They said the warship was accompanied by a Kashin-class destroyer.

According to the authoritative Jane's Fighting Ships, Shaba is the first of three guided-missile cruisers built in Odessa. Turkish experts believe the total of Soviet ships in the Mediterranean may now be close to 35, with 10 entering the sea in the last two months.

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AMERICAN TOPICS

A Twice-Weekly Survey Compiled by Our Staff

Vietnam Memorial

As another post-mortem begins on the Vietnam War with the release this fall of a 12-part television history based on a book by Stanley Karnow, the Vietnam War Memorial, which opened in November 1982 amid controversy over its design, remains the most emotionally charged spot in Washington.

Each day more than 10,000 people, coming at all hours of day and night, walk past the glossy black marble wall on which are carved the names of 57,939 Americans who died in Vietnam. It attracts more visitors than any other Washington monument, except the Lincoln Memorial, a symbol of another war that divided the country.

Many visitors touch the engraved names of the dead — using flashlights or flickering matches at night to find the ones they are looking for. Some visitors place a piece of paper over a name and rub a pencil over it. They take the rubbings back home to family members who have not yet made the journey to Washington.

The monument has a chilling impact on many visitors. The V-shaped wall, like a dark, low cliff in the earth of the Mall, starts as a sliver of stone bearing a single name, rises to a peak where the roll shows hundreds of names, then gradually slopes down to a point, with a final name. Even children, who normally scamper about Washington, are subdued there.

The wall has been criticized by veterans' groups who say the monument, designed by Maya Ying Lin, is unheroic and an insult to veterans, so a more traditional work is being added to it, in the form of a statue by Frederick Hart. The statue, which is nearing completion, depicts a three-man patrol with the military grouping is a flagpole with an American flag, since there was none incorporated in the original wall. The group, Mr. Hart says, will add nobility to the monument and make it similar to other U.S. war tributes. Miss Lin says Mr. Hart's statue is "irritating."

On-Line Libraries

Public and academic libraries, battered by inflation and recession, are turning to computer networks for salvation. Faced with declining ability to buy new books and journals, many are spending less on expanding their own collections and more on improving interdependence with other libraries.

As a result, readers can now obtain books through interlibrary loans more quickly. Thousands of collections across the country have joined three major computer-based networks: the On-Line Computer Library Center of Dublin, Ohio; the Research Libraries Group of Stanford, California; and the Washington Library Network of Olympia, Washington.

To prevent gaps in the overall holdings of U.S. libraries, the Research Libraries Group, to which Columbia, New York University and the New York Public Library belong, coordinates its members' purchases and microfilming, trying to insure that at least one library holds a complete collection in every field.

Carnegie Moves

The Carnegie Endowment for International Peace, a foundation specializing in diplomatic and strategic research to promote better international understanding, is closing its New York office and merging with its Washington center of operations to save money.

"This was not a happy decision," said Thomas L. Hughes, the research center's president for the past 12 years. Ten of the 12 New York-based staff members were dropped.

The foundation was endowed in 1910 by the industrialist Andrew Carnegie, who provided funds for four years — enough, he thought, because he believed world peace would be established by 1914. When events proved otherwise, he provided a more durable endowment fund of \$10 million.

The foundation has prided itself on its two-city base, enabling it to tap intellectual talent and provide a forum for discussion in both places. For the first 25 years, the endowment also maintained a center in Geneva.

Notes on People

James Akins, oil consultant and former U.S. ambassador to Saudi Arabia, said this week: "The chances of a major political disruption not occurring in the Middle East seem about zero. There is not a single country in the Middle East where I can say with confidence that the same people and policies will remain in control two years from now. That includes all of them: Israel, Saudi Arabia, Iran, Syria, Libya — on down the list. And whatever changes take place are likely to reflect anti-American feeling. It is hard to say how these changes would affect OPEC (Organization of Petroleum Exporting Countries) policies, but it would not be good news for us."

Americana

When they are not watching reruns of "M*A*S*H" on television, thousands of fans line up daily to visit an assemblage of sets and props from the series about Mobile Army Surgical Hospital Unit 4077 in the Korean War.

The exhibit has become the most popular ever held at the National Museum of American History in Washington. The rush has compelled the museum to perform a kind of triage just outside the Swamp, as Hawkeye's tent is named. Arriving visitors encounter a three-hour wait, so an official distributes passes guaranteeing later viewing times. "It's the first time we've had crowds so big we had to use the passes," a museum official said.

The exhibit has revelations even for fans. The real army hospital unit that inspired the series was Unit 8055, which indeed had a tent called Swamp and a nurse who resembled Flo. The television series lasted longer than the Korean War, but the exhibit ends in September 1984. Some props — including one of Klinger's dresses — will remain on permanent exhibit along with the ruby-red slippers worn by Judy Garland in "The Wizard of Oz" and a Frank Sinatra bow tie.

Honegger to Run

Barbara Honegger, the former Justice Department aide who criticized the Reagan administration's commitment to equal rights for women as a sham, says she will enter politics.

Miss Honegger, who moved to northern Virginia from California in 1980 after working to elect Ronald Reagan, says she may run as an independent against Representative Frank R. Wolf or Senator John W. Warner, both Virginia Republicans. She said in an interview this week that she would run either in 1984 or 1986.

"I haven't decided these details," she said. "I've just decided that I'm going to run and that it's going to be in Virginia, because it's my home."

Miss Honegger said that a book she is writing about the Reagan administration will be completed by Nov. 4, after which she will research the records of Mr. Wolf and Mr. Warner.

"I could run as an independent," said Miss Honegger. "It's a possibility. It's a very good possibility."

Miss Honegger acknowledged that the White House might try to thwart any political bid, but she added: "It won't make any difference. People will vote for the truth."

Study Calls For Basic Change in High School Teaching in U.S.

By Edward B. Fiske

New York Times Service

WASHINGTON — The Carnegie Foundation for the Advancement of Teaching has called for significant changes in American high schools, beginning with tightened curricula and the improvement of salaries and working conditions for teachers.

"The time for renewing American education has arrived," said Ernest L. Boyer, the former U.S. commissioner of education who is president of the foundation. "We believe that today America has the best opportunity it will have in this century to improve the schools," he said at a news conference.

Among the recommendations, based on a \$1-million, 30-month study of high schools across the country, were the following:

- Designation of the mastery of the English language, including writing, as the "central curriculum objective" for all students.
- A gradual increase in teachers' salaries 25 percent beyond the rate of inflation, beginning with the base pay of new teachers.
- Relieving classroom teachers of lunchroom duty, paperwork and other routine chores that now contribute to "pervasive morale problems" among teachers.
- Adoption of a "core curriculum" for all students, including those in vocational programs, that would include mastery of a foreign language.
- Mandatory community service for students as a requirement for graduation.

The Carnegie report, which is formally entitled "High School: A Report on Secondary Education in America," is the latest, and in some ways the most prestigious, in a series of recent national studies of American elementary and high schools.

The study is based on monthlong observations of a sample of 15 high schools across the country, and, in addition to Mr. Boyer, it was supervised by a 28-member panel of prominent educators, each of whom personally visited high schools in several cities.

The study offered a somewhat more encouraging appraisal of American education than other recent surveys. Specifically, it rejected the contention of the National Commission on Excellence in Education, in a report in April, that schools are characterized by a "rising tide of mediocrity that threatens our very future as a nation and as a people."

"The commission has its cycles confused," said Mr. Boyer in an interview. "The tide of mediocrity started to ebb in the latter part of the 1970s, when people began to get concerned about it. Since then, we've seen some modest gains in test scores, a tightening of high school curricula and a raising of college admission standards."

Teachers' Lack of Expertise Is Criticized

New York Times Service

WASHINGTON — A leading education official in the Reagan administration has issued a call that teachers be required to have "degrees or demonstrable expertise in the subjects they plan to teach."

The official, William J. Bennett, chairman of the National Endowment for the Humanities, said: "It is ridiculous that people who have an education degree may teach history, but people who have a history degree or deep knowledge of history may not teach it."

He called on states and local communities to require prospective teachers to have degrees or demonstrable expertise in the subjects they plan to teach.

Mr. Bennett made his remarks in a speech distributed Wednesday before he was to speak in Philadelphia to a meeting of the American Legislative Exchange Council, made up of 1,000 members of Congress and state legislatures. "In many instances," Mr. Bennett said, "a network of teacher unions, training institutions and certification boards has put its self-interest ahead of a common interest."

The president of the National Education Association, Mary Futrell, defended the schools of education. "The communication of knowledge is a learned skill, and it is in everyone's best interest that this basic skill be mastered before a teacher enters the classroom."

Poor Performance Cited

A government paper released Thursday states that less than 3 percent of last year's high school graduates met the academic standards recommended by a national commission that spent two years studying the quality of American education, United Press International reported from Washington.

The students' performance was gauged by the Education Department's National Center for Education Statistics, which analyzed the transcripts of more than 12,000 students and compared their course work to the work recommended by the National Commission on Excellence in Education. Only 2.6 percent of the 1982 graduates met the commission's standards.

Jesse Jackson Seeks Voters in Berlin

The Associated Press

BERLIN — The Rev. Jesse Jackson, a civil rights leader and potential candidate for the U.S. presidency, visited West Berlin on Friday to meet with U.S. troops.

Mr. Jackson flew to the divided city from Frankfurt a day after he had urged blockades of U.S. military installations to protest deployment of nuclear missiles.

He arrived too late to keep a breakfast appointment with West Berlin's mayor, Richard von Weizsäcker, German officials said.

Mr. Jackson was scheduled to have lunch with officials of the U.S. mission at a center city hotel, and then visit the Kreuzberg section near the Berlin Wall.

Mr. Jackson was also seeking to register voters among the soldiers of the Berlin Brigade at Merrill Barracks.

Mr. Jackson has been touring U.S. bases in West Germany since Wednesday seeking support for his possible campaign for the 1984 Democratic presidential nomination. He has not yet announced his candidacy but is already regarded as a contender on the basis of good showings in U.S. public opinion polls.

In speeches to U.S. troops, Mr. Jackson urged soldiers to register to vote in the 1984 election for black, Hispanic and women candidates.

He has also encouraged soldiers to use their time in the military to learn a vocation and get an education so they can avoid unemployment lines after they return to civilian life.

Mr. Jackson has stressed the need for a strong U.S. conventional military force in Europe to prevent communist aggression.

At a press conference Thursday night in Frankfurt, he supported nonviolent actions to protest the planned deployment of 572 U.S. medium-range nuclear weapons in Europe if U.S.-Soviet arms-limitation talks fail.

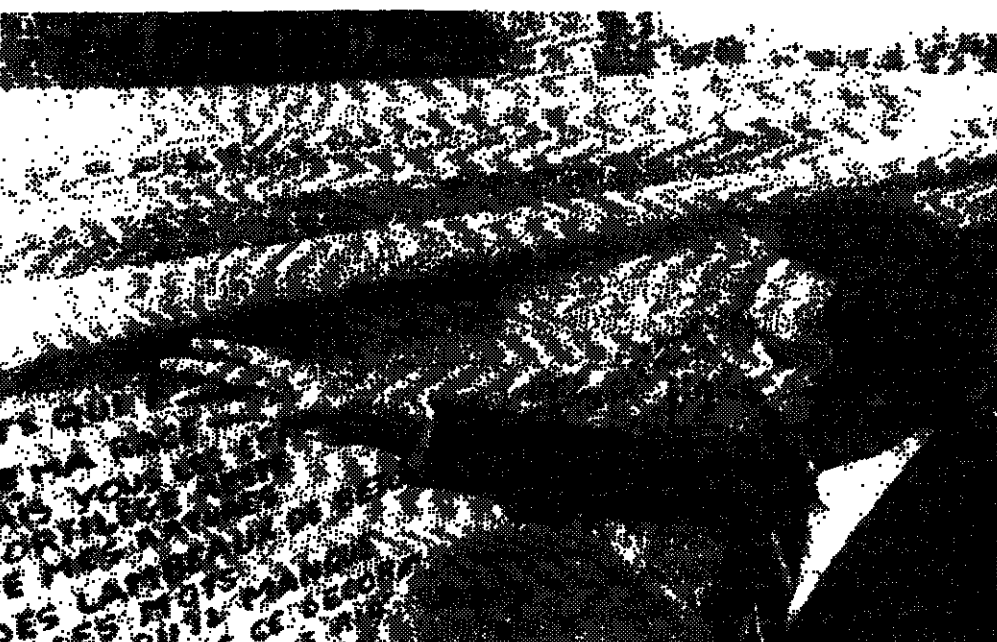
Asked whether he favored blockades of U.S. bases and other forms of disobedience by West Germany's anti-nuclear movement, Mr. Jackson said, "Every creative, non-violent means" must be used to prevent deployment.

"We simply have an uncontrollable situation with short-, medium- and long-range missiles all over the place," Mr. Jackson said.

Mr. Jackson said his chances of getting a visa to go to Poland looked "pretty dim."

Warsaw officials "haven't given us a flat 'No.' But at this point it appears we won't be able to go," he said at the press conference.

Mr. Jackson visited Britain and the Netherlands before arriving in West Germany on Wednesday. He was expected to return to the United States by early next week.



The Rev. Jesse Jackson, a civil rights leader, viewing East Berlin across the wall on Friday.

Deficit Looms Over Upturn

(Continued from Page 1)

"Any new tax bill will have to come from the president of the United States or the Republican Party," said the speaker of the House, Thomas P. O'Neill, Democrat of Massachusetts.

The administration's viewpoint, said a White House spokesman, Martin Fitzwater, is that "the objective of Democrats and Republicans is the same — to get the deficit down. But they want to raise taxes. We want to cut spending."

Mr. Reagan proposed in his fiscal 1984 budget a contingency tax to take effect in 1985, depending on the size of the budget deficit and Congress's willingness to adopt his spending proposals. But that idea died after administration officials recognized that there was no congressional support for it.

In June, Congress ignored Mr. Reagan's budget guidelines and adopted a spending resolution of its own. But there is no likelihood of enacting that resolution's \$73 billion in tax increases, said a spokesman for the House minority leader, Robert H. Michel, Republican of Illinois.

The federal deficit has already climbed to \$179.8 billion for the first 10 months of fiscal 1983 and almost certainly will exceed \$200 billion.

A compromise plan that would match spending cuts with tax increases has been proposed by Senator Robert J. Dole of Kansas, the Republican chairman of the Senate Finance Committee. But no signs of compromise are coming.

In fact, the House gave Mr. Reagan a rebuff Tuesday by voting to increase social welfare spending next year by \$1.6 billion. Apparently hoping to raise an issue for the 1984 elections, Mr. O'Neill said the president has been "extremely unfair" in curtailing spending for social programs.

But the White House and Republicans in Congress vow they will never "reduce the deficit by increasing taxes," the spokesman for Mr. Michel said.

This political standoff is generating increasing nervousness among people whose livelihood is directly linked to interest rates. "Too many of our leaders are taking a gamble with the nation's economy," said a spokesman for the National Association of Realtors.

Fall in Infant Deaths, Defects Cited in U.S.

By Victor Cohn

Washington Post Service

BALTIMORE — A recent sharp decline in infant deaths in the United States has been achieved without any increase in the number of babies born with birth defects, a Johns Hopkins University scientist has reported.

Starting in the 1970s, neonatal intensive care units in hospitals have been keeping scores of premature and otherwise afflicted babies alive. There have been widespread fears that one result might be legions of infants with physical and mental deficiencies.

A Johns Hopkins and University of Pennsylvania study of nearly 10,000 babies indicates that this has not happened, according to Sam Shapiro, a professor of health policy and a leading medical statistician who helped conduct the study.

The main reason, he said at a news conference Thursday, probably is that infants and mothers have been receiving better care.

He particularly credited the development of neonatal intensive care units. But he also cited improved access to health care and better nutrition for pregnant women in low-income areas; advances in pediatric and obstetric care; to detection of birth defects in the womb; and to abortions of severely defective fetuses.

Mr. Shapiro and Dr. Marie McCormick of the University of Pennsylvania School of Medicine compared 4,738 babies born in 1976 with 4,690 born in 1978 and 1979. The infants were from Arizona, Cleveland and surrounding Cuyahoga County, Dallas County, the area around Syracuse, New York, three parts of Los Angeles and the Upper West Side of Manhattan.

The study included nearly 100 percent of each area's infants who weighed less than 3 pounds, 4 ounces (1,477 kilograms) at birth, a group at high risk for defects.

The survey found that deaths of infants less than 4 weeks old decreased by 13 percent between the two periods studied.

At the same time, it found, the incidence of birth defects and delays in development declined by 16 percent.

Mr. Shapiro added, however, that there have been reports of an increase in newborns with defects who need care in institutions.

He also said a Canadian study indicates that there might be an increased incidence of birth defects in the 4 percent of children who weigh less than 2 pounds, 5 ounces, at birth.

Marines' Mission Turns on Issue of Power

(Continued from Page 1)

Republican-controlled Senate and the Democrat-controlled House, are eager to reassert their authority.

Already, Congress' ability to veto specific items within presidential budget packages has been reduced by the Supreme Court. In addition, Congress is smarting under the administration's indifference to a vote by the House earlier this year to cut off covert Central Intelligence Agency action against Nicaragua.

The current debate has been led by Senator Charles McC. Mathias Jr., Republican of Maryland, a moderate politician who helped draft the War Powers Resolution as part of his long campaign to maintain a strong congressional check on presidential authority.

While Congress may decide to avoid a showdown on its ability to curb U.S. war-making, the strength of congressional feeling is a major factor in the administration's calculations about using U.S. force.

In addition, many U.S. commentators are critical of the administration's apparent reluctance to explain clearly and defend publicly its commitment in Lebanon. Comparisons are being made with the decision of President Johnson to fight the Vietnam War without making a formal Declaration of War.

The effect, some believe, is that the U.S. public was not informed of the reasons for such an extended, expensive commitment, and public opinion therefore turned against the war in a way that made it impossible for the U.S. military to win.

Such reasoning, which is explicit in a widely discussed new book entitled "On Strategy," a U.S. military planning book by Colonel Harry G. Summers, is a major element in the Pentagon's distaste for a Lebanese policy that the White House has shied from defending in public.

Apparently continuing this low profile, the Reagan administration has been seeking a quiet compromise with Congress. This could result, for example, in a presidential acknowledgment that the War Powers Resolution applies on the understanding that Congress immediately approve the U.S. action.

This kind of compromise, with both the White House and Congress declaring it had won without either acknowledging the other's claim, could plant the seeds of a more explosive confrontation later, in even more critical circumstances, several analysts said.

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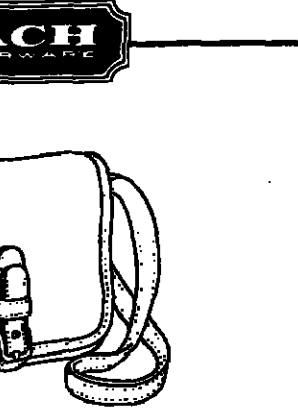
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Vietnam Seeking to Speed Departure Of Amerasian Children to the U.S.

Los Angeles Times Service

BANGKOK — Vietnam has asked American relief agencies to set up an office and halfway house for Amerasian children in Ho Chi Minh City in an effort to expedite their departure for the United States.

The request was made last month in Hanoi during talks between officials of the Vietnamese Foreign Ministry and representatives of volunteer groups seeking permission for the children of American servicemen to leave Vietnam.

These groups have long sought approval to establish an office in Ho Chi Minh City, formerly Saigon, but have been turned down.

"The Vietnamese have requested us to make a proposal to set up a relocation center in Ho Chi Minh City so that they can step up the number of kids leaving from about 100 a month to as much as 1,000," said Michael Nebeker, who took part in the Hanoi talks. About 500 Amerasians and 600 of their mothers, brothers, sisters and grandparents have gone to the United States.

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Mondale Says He'd Raise Taxes of Wealthy

Washington Post Service

WASHINGTON — Former Vice President Walter F. Mondale, who is seeking the Democratic nomination for president, has told U.S. businessmen that he would raise taxes on corporations and the well-to-do if elected because "most of us in this room received more tax cuts than we needed" from President Ronald Reagan.

Warning that \$200-billion budget deficits will choke off the recovery and cause "a chain reaction" of economic problems abroad, Mr. Mondale told about 300 of his business backers Thursday that spending cuts alone could not reduce chronic deficits. He said he would repeal indexing, impose limits for the wealthy on the 1983 tax cut and seek tax reform aimed at simplifying the tax code and "restoring its progressivity."

Mr. Mondale's pledge drew such mild applause from listeners at the Sheraton-Washington Hotel here that Mr. Mondale jokingly interjected, "Lock the doors."

The first meeting of his "business advisory council" brought together wealthy supporters from around the country, with a strong representation of Washington lawyers and former Carter administration officials. Two treasury secretaries under President Jimmy Carter, W. Michael Blumenthal and G. William Miller, are honorary co-chairmen of the group.

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Herald Tribune

Published With The New York Times and The Washington Post

Republican Stirrings

Are Republican politicians getting edgy? At the beginning of the year there was a lot of doubt about whether President Reagan would run for re-election. Those doubts were mostly dispersed by bursts of campaign-like appearances by the president and by assurances from aides that he would announce a decision to run at an appropriate time — perhaps after his trip to Asia in November. As the time for an announcement comes closer, the chances increase that the president will decide to run. But, at the same time, the politicians are getting a bit edgy. You can feel it in the air. What if he should surprise almost everyone and decide to retire to the ranch?

Some politicians are quite forthright. The Senate majority leader, Howard Baker, has made clear his inclination to run if Mr. Reagan does not, and he keeps looking in a drawer a plan of what he needs to do in that event. That Senator Baker has convinced everyone he will not run if Mr. Reagan does has made it all the easier for him to describe matter-of-factly, as he did on "Face the Nation" recently, why he would like to be president.

Almost as candid is the man Senator Baker has named as his toughest competitor in such a race, Senator Bob Dole. If Mr. Reagan doesn't run, Mr. Dole says, "there will probably be a

group of us heading for Iowa. We ought to go family plan." They will include, presumably, George Bush, who as vice president has very good reasons for remaining silent on his future political plans. As befits his station, he has confined his public statements to saying that he supports Mr. Reagan for re-election. There will also presumably be candidates more to the Republican right. Many Reagan supporters feel that Messrs. Baker, Dole and Bush believe in policies quite different from theirs.

Some of these Republicans are expressing dissatisfaction with Mr. Reagan on various grounds; but none has a candidate to run against him — or a nationally known candidate should he choose to retire. They can argue that Senators Paul Laxalt and Jesse Helms and Representative Jack Kemp have adhered to conservative principle and compiled records of achievement in government, but none can claim to have exercised the same responsibilities as Messrs. Bush, Baker or Dole.

So even the slightest possibility that Mr. Reagan will not run makes the Republicans nervous. If he runs, the Republican nomination will be uncontested for the first time since 1956. If he doesn't, hold on to your hat.

— THE WASHINGTON POST.

Counting the Jobless

How severe was the recent recession? By standard counts of total unemployment, very severe. Total monthly unemployment, as measured by the U.S. Bureau of Labor Statistics, approached 11 percent, and the bureau estimates that in 1982 one out of three workers suffered some sort of employment problem. But by another measure of unemployment, the insured unemployment rate, things were not all that bad. This discrepancy is of keen interest because it is the lower of the two measures that currently determines in substantial part how much additional help the government provides to the jobless.

Many unemployed people are not eligible for unemployment benefits because they have not worked long enough to qualify, have used up all their benefits or have quit or been fired. As a result, the insured unemployment rate is always lower than the total rate. But a recent study by an economist of the Brookings Institution, Gary Burtless, points out that the discrepancy has increased sharply since 1980, for reasons that are not all readily explainable.

Although the 1982 recession hit a larger portion of experienced industrial workers who would normally be expected to qualify most readily for benefits, the jobless received much

less government help than in the previous severe recession. Mr. Burtless calculates that, after adjusting for inflation, the average jobless worker received 40 percent less in unemployment benefits in 1982 than were paid out in 1976. Partly that is because the Reagan administration persuaded Congress to cut back sharply on the rules for providing extended benefits under state programs and was much less generous in providing special federal benefits. And longer stretches of unemployment meant that more of the unemployed ran through their benefits before they found jobs.

These and other policy and administrative changes cannot fully account for the fact that a far lower portion of those reporting unemployment in the Bureau of Labor's monthly surveys appear to have qualified for regular unemployment benefits. Mr. Burtless concludes that the insured unemployment rate is no longer a reliable indicator of the need for extra help for the jobless. More reliable data can come only from improving the bureau's monthly surveys of total unemployment. Continuity in data collection methods is useful, but when important questions affecting social policy remain unanswered, improvements are due.

— THE WASHINGTON POST.

Other Opinion

President Reagan and Lebanon

Mr. Reagan's decision to authorize the marines to ask for American air strikes reflects a determination to escalate the situation with Syria to force Damascus into a political understanding with the Lebanese government.

The American president is loaded with defeats from Nicaragua to El Salvador to Chad and he cannot withstand another defeat from another strategic location such as Lebanon. He will not allow defeat at the hands of a small country like Syria. He believes any retreat in Lebanon would encourage his European allies to desert joining the club of medium-range missiles against the Soviet Union.

— Al-Anba (Kuwait).

Saudi Arabia's continuation of its efforts to Saudi Arabia from destruction is translated into a Saudi determination to see an Arab solution. This would make internationalization of the case become remote, as that would serve neither Lebanon nor the Arabs.

— Al-Riyadh (Riyadh).

If the Americans decide to make Lebanon a test of wills between themselves and Syria, then Syria will win. It is not yet inevitable that this should happen, but President Reagan has made it a good deal more likely by beefing up the naval presence off Beirut and giving the local commanders power to send in air strikes if the marines on shore come under attack.

Obviously the peacekeeping force, so inappropriately named, should have power to respond if attacked, but the response has to be moderated to the size of the challenge. If it is not, then the United States must be willing to be sucked into a conflict which it either has to fight regardless of consequences or quit in humiliation. The commitment of prestige to so ambiguous a cause as the settlement of Lebanon's sectarian civil war would be an arrogant gesture or a desperately foolish one, or both.

There is no need for the other members of the peacekeeping force — France, Britain and

Italy — to endorse America's assumptions. The United States will achieve far more by a sensible diplomatic dialogue with Damascus, where the real arbitration now takes place, than by mounting an overhearing and uncomprehending naval presence.

— The Guardian (London).

If the choice boils down to deeper U.S. military involvement or allowing Lebanon to split into warring factions, some Americans might choose the latter.

— The Omaha (Nebraska) World-Herald.

Farewell to an Ambassador

One offers Mr. John J. Louis the sympathetic arm around the shoulders as he departs these shores with the misfortune of being the first United States ambassador to be fired by Washington in the discharge of his duties. Mr. Louis, blessed by a gracious wife and a most picturesque daughter, has been a splendid public representative of his great nation.

Mr. Louis can smooth his doubtless ruffled pride by reflecting that he is the most conspicuous victim to date of the flawed American approach to diplomatic duty. This treats ambassadors as if they were automatons, or more crudely as pawns to be handed round a president's personal and political crises. The sharpening cold war, the growing anti-Americanism of the European left and sensitive problems with cruise and Pershing mean that weightier figures are now needed abroad than those normally thrown up by the system.

By firing ambassadors to politics and individual presidents, the system ensures also that many ambassadors last only a two-year learning period and are then replaced — too short to establish relations with oppositions as well as governments, to learn a country and to build up trusted relations. For the United States, whose diplomacy grows ever more complex, the system is no longer good enough.

— The Daily Telegraph (London).

FROM OUR SEPT. 17 PAGES, 75 AND 50 YEARS AGO

1908: Boer Agents in Venezuela?

NEW YORK — In anticipation of war between Holland and Venezuela, a force is being recruited in the United States to act as secret service agents in Venezuela for the Dutch interests until the outbreak of hostilities, and then of taking the lead in a foreign legion movement against President Coubert. This has been admitted by Mr. P.F. Joubert, a Boer veteran of Johannesburg, South Africa. "We want about sixty men for the service in Venezuela," said he. "So far I have been very successful in getting the right men. I represent patriotic Hollanders and a group of wealthy men in Johannesburg. I serve nineteen months in the Boer war and am related to General Joubert." He stated emphatically that he is not acting for the Dutch Government.

1933: A Spaniard Praises Fascism

MADRID — While Fascism has desirable features, there is only a remote chance of its adoption here, said Jose Maria Gil Robles, influential right wing leader, upon his return from the Hitler rally in Nuremberg. Gil Robles said the World War was responsible for the implantation of Fascism in Italy and National Socialism in Germany and that in Spain motives were lacking for such a movement. Among the favorable aspects of Fascism he saw "its exaltation of patriotic values, its deep anti-Marxist significance, its unity to liberal and parliamentary democracy, its coordinating of labor among all social classes, and its animation of youth, imparting optimism, so different from the gloomy and unimproving skepticism of Spain's leaders and intellectuals."

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Lebanon: Promote a Deal With Syria . . .

By Flora Lewis

WASHINGTON — The crisis in Lebanon has reached a turning point and requires a full new policy review in Washington.

It is pure pettifoggery to pretend that U.S. Marines and European troops are still faced with the job they were sent to accomplish. That was, in the first place, to oversee the withdrawal of the Palestinian forces. They were sent back for a longer term after the refugee camp massacres to protect civilians when the Israelis withdrew from Beirut.

Acknowledged or not, their mission now is to prevent the collapse of President Amin Gemayel's government and thus "save" Lebanon. U.S. policy remains committed to the "independence, sovereignty and territorial integrity" of Lebanon.

It is now necessary to reconsider whether that goal is possible and what, in the circumstances, might have a chance of promoting it even on the somewhat fictional basis that has always been the foundation of Lebanon. Only when the facts are acknowledged can there be any sensible approach to the questions of what to do with the marines and whether to invoke the War Powers Resolution. At present the debate is going on in a fog without a compass. The only useful comparison with Vietnam is the repeated failure to examine reality.

Arguing over whether Lebanon is fighting a civil war or resisting intervention is deceitful. There are elements of both and there have been, at spiraling levels of violence, for more than a decade. Lebanon's tragedy is precisely that the warring factions lack the will to support in an attempt to prevail, or even because it brings in money.

Nor is there much point in going back to apportion blame. All have made mistakes, perhaps start-

ing with France when it created "Greater Lebanon" out of the debris of the Ottoman empire and then proclaimed it independent in 1943.

The Palestinians, Syrians, Israelis, Americans and Lebanese themselves have envisioned this rolling Middle East steppe. At present Lebanon is in fact partitioned. The one beneficiary of the changes provoked by last year's Israeli invasion is Syria. It has consolidated its hold on the parts of the country that interest it most. It has gained renewed backing from Moscow.

President Assad has achieved decisive influence over the P.L.O. He has imposed a power of veto to prevent Jordan from accepting the Reagan initiative on negotiations for the West Bank, and to prevent a Lebanese settlement with Israel. Now he has also gained right of veto over composition of the Lebanese government itself. That is the meaning of repudiation of the agreement that the Druze leader, Walid Jumblatt, signed under the tutelage of the U.S. presidential envoy, Robert McFarlane.

It is also the meaning of Syria's new right to send an "observer" to participate in further negotiations for a power-sharing pact among the Lebanese. Saudi Arabia also has an observer, but that is a fig leaf affixed in hopes of a little Syria money.

So the question of what can be done to save Lebanon cannot be answered without Syrian participation. At this stage Syria's ambition does not seem to include annexation. Nor does Israel want to annex largely Shiite southern Lebanon.

But both want dominant influence in areas they

consider vital. That contradicts the U.S. aim of a strong central government. The only way to the achieve that now is by virtual occupation. That is out of the question, and anyway it would destroy what is left of Lebanese independence.

It is sad but unavoidable to conclude that there will have to be a compromise with Syria, based on a tacit if not formal accord between Syria and Israel on security areas in Lebanon, and therefore definitely limited independence.

Only when this is agreed can the United States make a rational calculation about the scope and endurance of the burden it has undertaken by bumbling into the Lebanese impasse. Certainly, the United States is not equipped to get involved in the intricacies of Lebanese politics.

Neither Mr. McFarlane nor probably the most seasoned American Middle East specialists can handle the elaborate and subtle ritual required for local accommodation. It was a mistake to go so far as to try American glue to stick Mr. Jumblatt and Mr. Gemayel together.

A cold, abstract calculation of U.S. interest would focus on how to get the marines out of the mess. The fact that this has become so difficult that it cannot be done on existing terms without provoking disasters for all involved should be a warning about any more Washington- or Jerusalem-concocted bright ideas for fixing up Lebanon.

There isn't a good solution. The best that U.S. arms and diplomacy can do now is to gain time for the Lebanese and Israel to work out the least onerous terms available from Syria and to convince the Syrians that they cannot get more.

The New York Times.

Or Pitch In With Gemayel to Reunite the Country?

By Barry Rubin

WASHINGTON — Until now the marines in Lebanon have been primarily a peacekeeping force. There has been an uphill mission, to say the least, but it is time for an even harder assignment — the active shoring up of the government of Lebanon. More specifically, the United States should help it begin to reunite the country by backing up its efforts to take control of the Chuf.

Time is running out. Syria continues to build up Lebanese groups opposed to the authorities in Beirut — particularly the Druze forces led by Walid Jumblatt — thereby progressively weakening the government's confidence. The great risk is that President Amin Gemayel's cabinet will panic, abandoning hope of national reconciliation and accepting a return to sectarian warfare. In the face of this threat, the United States must use its political influence and military leverage to press the fighting parties toward a settlement.

Two dangers face American policymakers: a military confrontation with Syria and a collapse of the Lebanese army, which is thought to be so weak that the government is hesitant to give it anything but a defensive mission. In fact, neither is likely.

The Syrians want to avoid battle with America, which, with a little restraint, can prevent an escalating crisis. The Lebanese army, despite continuing weakness, has performed better than expected. The main threat is not of its collapse but of a failure of nerve in the Lebanese high command.

In dealing with this perilous and delicate situa-

tion, the United States should consider five steps:

First, the Reagan administration should ask Congress to support a continued American presence — through either the War Powers Resolution or a complete authorization of the kind President Reagan has requested. A failure to consult Congress gives the Syrians and their allies an incentive to attack marines in the belief that a few more American casualties will bring about domestic pressure to withdraw U.S. forces.

Second, the State Department should downgrade efforts to woo Syria out of Lebanon. American attempts to encourage or buy Syrian withdrawal are doomed to failure because Washington can offer nothing that Damascus wants. Nor is there any prospect of either Arab or Soviet pressure to induce President Hafez al-Assad to pull back. As a Soviet ally and the main obstacle to ending the Lebanese civil war, Syria is hardly a potential American friend.

Third, the United States should encourage Israel to support a return of Lebanese authority in the Chuf. It is hardly in Israel's interests to see the P.L.O. return to the mountains. And if Jerusalem warns the Druze forces there that Israel will no longer protect their southern flank, Mr. Jumblatt might not be so eager to harass the government in Beirut. Washington should encourage Israel to pull

back to the international border — at least in the coastal region — in a year or so.

Fourth, anti-government Druze forces in the Chuf must be faced with the prospect of military defeat. Up to now Washington has hoped that President Gemayel could make a political deal with Mr. Jumblatt, but instead the Druze are at present shooting at marines and threatening Beirut from the east. The problem is that Mr. Jumblatt is not fighting for internal reform but rather, as a Syrian instrument, to block reconstruction of the country. He must understand that if he fails to make a deal, the United States will support the Lebanese army with air and naval fire.

Fifth, the Gemayel government must be urged to seek reconciliation with Shiite Muslims, the largest group in Lebanon. In contrast to Mr. Jumblatt, the Shiites and their organization, Al Amal, seek political reform. They want more control over reconstruction money, an end to displacement of Shiite refugees in Beirut and a bigger share of political power. Mr. Gemayel should not hesitate to recruit them in his struggle for national unity.

There is no easy way for the United States to deal with the bloody mess in Lebanon, but only firm steps can stem the worsening crisis now. Vacillation will only make matters worse.

The writer, a fellow at the Georgetown University Center for Strategic and International Studies, contributed this comment to The New York Times.

Israel-Lebanon: Neighbors Estranged

By Joyce R. Starr

TEL AVIV — The reported secret meeting on Sept. 6 between Lebanese President Amin Gemayel and Israel's David Kimche, director general of the Foreign Ministry, at which Mr. Gemayel is said to have requested Israel's assistance in repelling the Syrian-inspired onslaught against Beirut and its government, and the ironic criteria of Greek tragedy.

When Mr. Gemayel took office in September 1982 the issue was not whether there would be peace between Lebanon and Israel but how fast it should move. Yet by the time the Israelis withdrew from the Chuf on Sept. 3 the foremost achievement of two governments could claim in common was profound mutual suspicion.

The Reagan administration, believing from the outset that direct Israeli-Lebanese contacts would jeopardize Beirut's ties with the Arab world, quickly established itself as a middleman. In the process the United States, unwittingly and with the best of intentions, may have helped to create the very situation that eventually gave Syria and its leftist Druze partners their strongest card.

What went wrong? For months Lebanese officials complained to American envoys that Israel was stirring confusion and fighting between Christians and Druze in the Chuf. The alleged objective: to pressure Amin Gemayel into formalizing the May 1982 agreement (which he has yet to sign) and, some believe, to bring about de facto partition.

Israelis say they made serious mistakes in the Chuf by trying to placate both the Christians and the Druze and thus "awakening sleeping dogs," as one senior policymaker put it. But they vehemently deny a policy bent on undermining the Gemayel government.

A weakened central leadership in Beirut is contrary to our interests," Mr. Kimche insisted in a July interview. "How could anyone believe the opposite?"

Israel, having its own store of grievances, was simultaneously tell-

ing U.S. go-betweens that the root of the friction between Beirut and Jerusalem was "at the human level."

"I don't minimize their suffering," said Uri Lubrani, Israel's coordinator for activities in Lebanon, during an Aug. 10 conversation. "But even a little appreciation, one good word on what we've done for Lebanon, could have turned the tide of despair for the Israeli public and, needless to say, for those of us responsible for this thankless policy." Rightly or wrongly, he stated, "we feel betrayed."

On Sept. 4 Mr. Lubrani stressed the same theme. "For Israelis," he explained, "it's personal relationships that make all the difference. But from these people we received not even a metaphorical smile, not a word of encouragement." Israeli ministers "take it personally," he emphasized. "After all, they're not lepers."

The absence of direct communication between leaders of Lebanon and Israel seems to have fueled mounting distrust. "Over and above all is the fact that they won't talk to us directly," said an Israeli cabinet minister.

Said a senior Lebanese counterpart, "I think about this a great deal, whether it is we who are responsible or if it is their nature . . . to antagonize us. I talk about it continuously with our American friends, but can't come up with an explanation."

"The Israelis are probably the people who know most about us as a state, but understand us least," is the view of a Lebanese presidential adviser, Ambassador Ghassan Tuani. "Something must be wrong in Israel; there is a total misperception."

The actual incidents and causes underlying these attitudes are by now too numerous and too complex to unravel. But the consequences are already disastrous. A responsible Israeli official in an off-the-record interview suggests that, for example, "if Amin had found a way to take us into his heart, we would not have rede-

ployed." Important decisions regarding Lebanon, he said, were shaped "by these kinds of sentiments."

For the first time it was the army pressing politicians for a withdrawal. The generals were worried because their forces were deployed or demoralized. All training had come to a halt, as we had no resources, financial or human, to train elsewhere. No tank commanders, no officers. And more deserters every day."

But, he adds, if the government had had "the least excuse to point to an understanding of any sort" of the Gemayel government, "we might have been able to stem the avalanche of military and public pressure."

With the death toll in Lebanon now rising to more than 500 killed and 1,200 wounded, the frail and fractured relationship between the Israeli and Lebanese governments is likely to be another victim.

Despite the long-sought meeting between Israel's Mr. Lubrani and Lebanese national security adviser Wadid Haddad in Paris several weeks ago, the hostility between the two governments has already become part of the public domain.

"We are experiencing hatred and nothing else," said a Lebanese Marine in August. "If they didn't hate us they would not have allowed war in the mountains to begin."

"We have no allies in Lebanon," was the conclusion of a 20-year-old Israeli soldier stationed in the Chuf. "They all hate us," he said. "You can see it in their eyes."

In neither case are these views the minority opinion.

And thus, ironically, even if the Lebanese army succeeds in its now desperate campaign to defend Beirut and the pro-Western Gemayel government, Israel and Lebanon, two Middle East nations that managed to live in relative harmony for 35 years, might well become confrontation states in the future. The stage has been set. For the Syrians there could have been no better outcome.

International Herald Tribune.

Post-Begin Israel: Votes Could Ratify the Legacy

By William Safire

WASHINGTON — Israel needs a general election.

As Menachem Begin steps down, his longtime right-hand man, Yitzhak Shamir, is set to step in. He is a shrewd, short, tough-minded veteran of the political wars who will quickly be faced with a historic choice.

He could be an interim prime minister, holding the coalition of the right together until elections in 1985 and then standing aside for a younger and more popular candidate such as Defense Minister Moshe Arens or Deputy Prime Minister David Levy.

Or he could see himself as more than a caretaker, and seek to serve a couple of years and then try to win election in his own right, thereby dimming his party's chances.

Or Mr. Shamir could call for elections in the spring.

Parliamentary legitimacy is not enough; to lead effectively at home

and to command political respect abroad, a democratic leader needs a mandate. Israel's greatest advantage over all its neighbors is its tumultuously stable democratic system, with persistently free press and dispassionate citizenry. That system, more than strategic concerns or ethnic ties, engages the respect of its key ally and supporter in the West.

Much has been made of Israeli self-doubt; it is time for an affirmation of its majority's will. The time is ripe, first, for Israel to say to itself and the world whether it is proud or ashamed of its move into Lebanon to break up the P.L.O. core and end the takeover of that country by Syria.

Doves in Israel and the United States want to wash their hands of Lebanon, abandoning the Christians and other minorities to the Syrian dictator, with consistency, they would also deny the West Bank to Israel, putting that strategic strip into anti-democratic hands as well.

Hawks in both countries (and in the little-known "Club of Bern," an informal, high-level group of officials in several nations responsible for fighting terrorism) had the costly move into Lebanon as overdue. The decade-long aggression by Syria stands exposed as that Soviet client refuses to withdraw, tries to overthrow the government in Beirut and foment attacks on U.S. Marines. Terrorist raids and rockets into Israel have ceased, as at least part of Lebanon is denied to Syrian control.

Only when the voice of the people of Israel is heard can the wisdom of the move north be ratified; only then can the will of Israel to check Syrian expansion be made unmistakable.

A second reason why spring elections in Israel would be propitious: Political cooperation in America offers the chance to a prime minister with a mandate to make the relationship more special than ever.

Mr. Reagan may be finished with his futile flirtation with Saudis who are bankrupting the Syrians. The international peacekeepers, eager to get out of the mire of militias in Lebanon and pacifists at home, will seek a long-term arrangement with the Israelis to stop Syrian infiltration.

Among the Democrats, Walter Mondale has suddenly discovered that President Carter was wrong and Israeli settlements in the West Bank are not illegal, while Senator John Glenn has just made a major speech decrying phony "evenhandedness" that has been tilting against Israel. "Instead of pandering to terrorists," he says, "let us begin the search for other elements on the West Bank — or elsewhere — who are willing to speak for the Palestinians."

Senator Glenn then suggests that if the Camp David process "irrevocably breaks down," the United States should be prepared to move its embassy from Tel Aviv to Jerusalem. That is a useful idea of Mr. Glenn's key foreign policy adviser, Carl Ford of the Senate Foreign Relations Committee staff; it would give Egypt a chance to tell the Arab world that by dealing with non-P.L.O. Palestinian Arabs it would be saving Jerusalem. The Glenn approach would penalize Arab delay rather than reward it.

The year 1984 will be a good one for a new Israeli prime minister with a resounding mandate and a command of colloquial English to make solid, long-term agreements with the U.S. government, even as he builds eight-lane bridges to the opposition.

Israel under Menachem Begin became a bastion of strength and a center of controversy, making peace with Egypt and breaking the power of the P.L.O. By moving boldly now to assert the identity of its leadership for at least the next five years, Israel after Mr. Begin can do even better.

The New York Times.

LETTERS TO THE EDITOR

No Explanation Needed

In a statement read to reporters after the downing of the South Korean jetliner, U.S. presidential spokesman Larry M. Speakes is quoted as saying that "the Soviet Union owes an explanation to the world about how and why this tragedy has occurred." In view of the actions of the Soviet government in the last 30 years, no explanation is needed.

KEVIN KOURY, Paris.

Israel and the West Bank

Regarding "West Bank Palestinians See Expulsion Coming" (IHT, Aug. 4) by Jonathan Kuttab:

This article contains severe accusations against Israel and Israelis. Mr. Kuttab, an Arab-Palestinian lawyer, wrote of "Jewish vigilante violence," in connection with the murder of Islamic students in Hebron, before suspects were apprehended and evidence was made known. Yet he was secure in the knowledge that he was free to continue to practice his profession and write as he pleases despite the publication of such articles.

The article is rampant with generalizations and scantily based or groundless assumptions reflecting Mr. Kuttab's innermost thoughts. These are difficult to dispute.

Supposedly factual statements are easier to examine. Mr. Kuttab states categorically, for example, that "our own public services — health, education, justice and agricultural development — have been allowed to deteriorate." Even superficial examination proves the opposite to be true.

The number of medical and child clinics in Judea and Samaria has increased more than threefold — from 23 in 1967 to 79 in 1983; and 144 community clinics operated now in Judea-Samaria, compared to 89 in 1967. While the population has increased by some 20 percent, the number of doctors has almost quadrupled.

Under Jordanian rule no institute of higher learning operated in Judea

and Samaria. Now there are four universities, attended by 8,000 students. Whereas, in 1968, 140,000 pupils had 4,400 classrooms, 8,000 classrooms are available to 270,000 pupils. The ratio of children aged 5-to-18 who study has grown from 63 percent to some 95 percent in 1980-81.

Mr. Kuttab says that "the Jews of the West Bank have already developed a kind of mini-state" with a separate legal system, and he thereby implies segregation. The truth is that two legal systems exist side by side.

This is so because Israel has not annexed the West Bank and therefore it has not imposed its rules on the local population. The legal system continues to operate as it did before 1967, with two major changes: the abolition of the death sentence and the institution of the right to appeal to the Israel High Court of Justice.

If the preservation of medieval forms of agriculture is a virtue, Israel is indeed responsible for a vice — more than 2,000 tractors plough where 120 sufficed in 1968.

The yield in the same period reflects a similar change: 660 kilograms of wheat per acre rather than 176 kilograms 13 years before; 16.8 tons of eggplant, compared to 7.2 tons, and so on for almost every crop.

The obvious lack of foundation for Mr. Kuttab's supposedly factual statements casts a very large question mark on his conclusions.

NISSIM TAITOU, First Secretary, Embassy of Israel, Paris.

The Wrong Dakota

Regarding "Mandale Menace for Early Gains" (IHT, Sept. 13):

As I am probably the sole North Dakotan residing on this side of the Atlantic, and although my state is mentioned so seldom on either side, I must point out that Senator George S. McGovern is not from North Dakota but from our southern neighbor.

KIM L. KNUTSON, Paris.

China, Soviet Still Far Apart After Talks

By Michael Parks
Los Angeles Times Service

BEIJING — Senior Chinese and Soviet diplomats have finished a week's discussions on major international issues, finding "points of convergence" on several questions but achieving no breakthrough on their own problems.

Foreign Minister Wu Xueqian met Thursday morning with Mikhail S. Gromyko, a deputy Soviet foreign minister, for a concluding session on "eliminating obstacles in the way of normalized relations between the two countries," a Chinese spokesman said.

They also discussed — as Mr. Kapitsa had earlier in wide-ranging talks with Qian Qichen, a Chinese deputy foreign minister — major international issues in the first such high-level exchange of views on world problems that Beijing and Moscow have had in more than two decades.

Both Chinese and Soviet sources characterized the discussions as frank but not unfriendly and said they opened the way to a further dialogue on international questions and perhaps some improvement in their long-strained relations.

[Mr. Kapitsa left Beijing on Friday and said his visit succeeded in opening a "new channel of contacts on international problems." The Associated Press reported. He said Mr. Qian had accepted an invitation to visit Moscow.]

Mr. Wu is to meet with the Soviet foreign minister, Andrei A. Gromyko, late this month at the beginning of the United Nations General Assembly's annual session. Then, in early October, another

deputy Soviet foreign minister, Leonid F. Ilychev, is to come from Moscow to discuss ways to improve Chinese-Soviet relations.

Mr. Kapitsa was reportedly looking for Chinese flexibility on what Beijing calls the "three obstacles" to better relations — the Soviet military buildup along their border and in Mongolia, Soviet intervention in Afghanistan and Soviet support for Vietnam's occupation of Cambodia. However, Soviet sources said Thursday that he had only been able to "confirm the existence" of the obstacles.

Chinese officials added that Mr. Kapitsa was told clearly that prospects for better relations were "limited" and that no "fundamental improvement" could occur until the obstacles were removed. Still, Beijing remains willing to reciprocate movement on any of them, the officials said.

Thus, Soviet sources said, Mr. Kapitsa's impression was that "although we cannot jump over the obstacles, and should not try, perhaps we may be able to go around them."

The Soviet Union is hoping, according to senior East European diplomats, that Mr. Wu and Mr. Gromyko can reach agreement in New York on specific negotiating goals for their deputies.

Soviet diplomats are now talking about a rapid expansion of trade between the two countries, now about \$820 million annually, and are also hoping for major agreements on economic cooperation so that Moscow might help modernize some of the plants it built in China in the 1950s and participate in the

development of Chinese natural resources.

Dozens of proposals for resuming scientific, cultural and academic exchanges are under consideration, according to Soviet sources, and Chinese officials said agreements were likely to be concluded soon on many of the proposals.

In their discussions on international questions, Mr. Kapitsa and Mr. Qian found a number of "points of convergence" in Soviet and Chinese foreign policies, according to Soviet sources. These included Korean reunification, southern Africa, the Middle East, Central America and the Indian Ocean as a zone of peace, the Soviet sources said.

There was no direct Chinese confirmation, but informed Chinese sources said that, as one official put it, "differences in approach and analysis do not rule out similarities in conclusions." China has become increasingly critical of American policies in most of these areas, but it tends to see the overriding threat to world peace as coming from contention between the Soviet Union and the United States.

Although Mr. Kapitsa pressed for coordination of China's foreign policy with those of other socialist countries, the proposal was immediately rejected. Chinese sources said, "We remember what Soviet-style coordination means," one official said. "It is more likely to be subordination."

But Soviet sources said that the discussions were held "on the basis of equality," with Mr. Kapitsa stressing at the outset that Moscow recognizes that China now has an

independent foreign policy and that it is not, as the Kremlin had charged as recently as May and June, allying itself with the United States against the Soviet Union.

This was underscored during the visit by China's public condemnation of the Soviet downing of the South Korean airliner, a denunciation repeated by Mr. Qian to Mr. Kapitsa. However, Beijing refused to join the United States in a UN Security Council resolution against Moscow or in adopting any sanctions over the incident.

The Kremlin seems somewhat more forthcoming on specific issues but, more importantly from Beijing's perspective, now appears to be treating China as an equal in the superpower triangle, according to the Chinese assessment.

Beijing will obviously be expecting equal — or better — treatment from the United States in the series of Chinese-American talks that will be interwoven with the negotiations with Moscow. A team of U.S. officials is to arrive Sunday to discuss an agreement on cooperation in nuclear energy. Defense Secretary Caspar W. Weinberger is due in Beijing on Sept. 25 and Mr. Wu is to go to Washington on Oct. 10 for talks with Secretary of State George P. Shultz and probably President Ronald Reagan.

Although Western diplomats in Beijing see no fundamental shift in Chinese foreign policy and dismiss suggestions that Beijing might align itself with Moscow as it did in the 1950s, they do see what one European called "an active evolution" toward "a more independent and strongly stated policy."

France Reported Ready To Supply Jets to Iraq

By John Vinocur
New York Times Service

PARIS — France is going forward with plans to supply Iraq with five attack planes that Western experts fear may intensify the Iran-Iraq war, French and Arab sources say.

The United States, Britain and West Germany reportedly have expressed concern to France without effect and sources from those countries say that the transfer of the planes, five Super Etendard attack aircraft, is imminent.

The planes, when armed with AM-39 Exocet air-to-surface missiles already in Iraq, would increase Iraq's ability to interdict use of Iranian ports by oil tankers or to strike at Gulf shipping. Iraq has threatened to close the entrance to the Gulf in the Strait of Hormuz if key oil installations are attacked.

The five jets, originally earmarked for the French Navy's carrier-based tactical nuclear force, are reported ready for delivery at a French air base in Bordeaux. They are expected to be flown to Iraq by Iraqi pilots, who, with a group of mechanics and weapons technicians, are to complete a training course this week.

The French government has declined comment on the transfer, but the Iraqi ambassador, Mohammed Sadiq al-Maschhat, said: "Our hope is that this will hasten the end of the war. I hope it will be dissuasive for the Iraqis. If the Super Etendards contribute to the end of the war, then I will be very happy."

The envoy, who denied knowing anything about the delivery schedule, said the planes had been sold rather than lent, as the French government suggested was its intent when the deal became public in June.

Super Etendards armed with Exocet missiles enabled the Argentine Air Force to attack the British fleet with considerable success in the Falkland Islands conflict. Iraq already has more than 20 Exocet missiles and, according to French sources, has used them in attacks near Kharg Island, the Iranian oil terminal, and against commercial shipping.

The Exocets can be fired from

helicopters, but the presence of the Super Etendards would provide greater range and diminished vulnerability.

The U.S. concerns were expressed in July and August, according to sources. The U.S. position is that the presence of the planes in the conflict would create a new risk. The sources said this risk was felt not only by Western countries dependent on Gulf oil, but by some of the Gulf states that regard Iraq as capable of indiscriminate use of the Exocets.

The French reasoning is that the Exocets and the means to deliver them provide Iraq with new military credibility and that this may encourage Iraq to seek a negotiated settlement.

The allies were described as having asked France to devise a formula to minimize the risk involved in the situation, but no reply has been forthcoming, sources said.

Because of U.S. involvement with France in the multinational peacekeeping force in Lebanon, and cooperation in Chad, the United States has sought to avoid public statements on the plane issue, the sources said.

Iraq owes France about \$4 billion to \$5 billion and renegotiated the debt this year. If Iraq were to lose the war, France might be stuck with a bad debt. President François Mitterrand has said that French aid to Iraq is aimed at keeping it from losing the war.

Iran Pledges Revenge

Prime Minister Mir Hussein Mousavi of Iran said in Tehran that "the French will be punished for this kind of hostility," United Press International reported from Paris.

Iran "can inflict severe blows against France and all those who protect Saddam," he said, referring to President Saddam Hussein of Iraq.

An editorialist for the Paris newspaper *Le Monde*, questioning France's involvement, said: "Should not Paris have exercised political wisdom and shown more caution given Iran's historic clout in this strategic part of the world?"

French government officials refused comment on the reports.



Chancellor Helmut Kohl listening to Foreign Minister Hans-Dietrich Genscher's arms policy speech on Friday.

Bonn Accuses Russians Of Shifting Arms Stance

Compiled by Our Staff From Dispatches

BONN — West Germany accused the Soviet Union on Friday of hardening its position at the Geneva talks on reducing medium-range nuclear missiles in Europe.

However, sources close to Foreign Minister Hans-Dietrich Genscher said Mr. Genscher still believed that Moscow had hinted at possible new concessions during his private talks with the Soviet foreign minister, Andrei A. Gromyko, in Madrid last week.

The chief government spokesman, Peter Bönisch, said in a statement that Bonn regretted the hardening of the Soviet stance.

He said that the declared Soviet willingness to show flexibility in Geneva had not manifested itself at the negotiating table and seemed to be for domestic consumption.

Mr. Bönisch appealed to the Russians to drop their insistence that 162 French and British missiles be taken into account as part of any agreement.

Meanwhile, Mr. Genscher was accused of being overly optimistic after meeting with Mr. Gromyko.

In Madrid, at the end of Conference on Security and Cooperation in Europe, Mr. Genscher said he thought it remarkable that Mr. Gromyko had conceded that the French and British missiles had a "two-sided" nature and could be considered as both strategic and medium-range weapons.

Mr. Genscher said he regarded that as a possible indication that Moscow was ready to leave those weapons out of the Geneva deliberations.

Horst Ehmke, a disarmament specialist in the opposition Social Democratic Party, said that despite Mr. Genscher's "astounding publicity efforts," the Soviet deputy foreign minister, Georgy Kononov, had made it clear in Moscow on Wednesday that exclusion of the French and British systems was wishful thinking.

Foreign Ministry sources said Mr. Kononov had not specifically said the French and British rockets must be included at Geneva.

Meanwhile in Bonn, government leaders launched an attack on the powerful West German peace movement Friday.

In speeches during a parliamentary review of defense policies, Mr. Genscher and Defense Minister Manfred Wörner said Western nuclear deterrence had brought peace to Europe for 38 years.

Beverly Nichols, 85, English Author, Dies

Compiled by Our Staff From Dispatches

LONDON — Beverly Nichols, 85, a prolific novelist and playwright, best known for his tales about cats, gardens and country cottages in a women's magazine died Thursday.

Mr. Nichols died in a hospital following a fall at his cottage at Ham, on the outskirts of London, on his birthday last Friday, a hospital spokesman said.

In the 1920s and 1930s, Mr. Nichols was lauded as one of the most promising young writers of his generation. At 25 he published his autobiography, "Prelude."

After a brilliant start at Oxford, Mr. Nichols had a sparkling career as a London gossip columnist, a successful author of novels, plays and reviews, and a writer for women's magazines. He was renowned for his wit and charm.

His 50 books included thrillers and children's stories, and 30 were best-sellers. In a weekly column in *Woman's Own*, he wrote about his two passions — gardening and cats.

Somali Academic Sentenced

NAIROBI — A former department head at Somali University in Mogadishu has been sentenced to 15 years in prison for stealing university property, Radio Somalia said Thursday.

The Rev. Michael Scott, 76, imprisoned in South Africa for protesting racial discrimination and in England for protesting nuclear weapons, at his London home Wednesday.



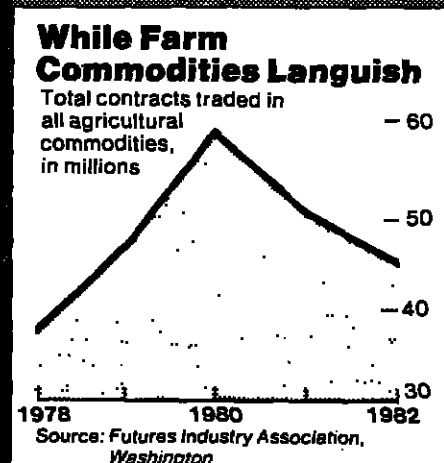
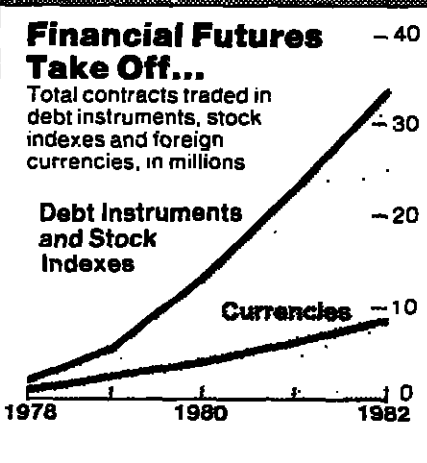
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ARTS / LEISURE

Doré's Childlike Imagination

By Michael Gibson
International Herald Tribune

PARIS — Probably the most precocious, prolific, youthful imaginative and versatile artist of his day, Gustave Doré (1832-1883) began his career in early childhood. He was drawing amusing sketches at the age of 6, publishing regularly by the time he was 15, and in his relatively short lifetime he produced a mass of drawings, watercolors and paintings that, according to one estimate, could be hung in a continuous line between Paris and Lyons — a distance of 450 kilometers (280 miles).

One authority sets his production at 11,000 items, but Jean Adhémar, former curator of prints at the Bibliothèque Nationale, is willing to go as high as 100,000. No one seems to have made a definite count. How many works did he do in a day, one wonders?

If we admit that his active career extended over 36 years (from the age of 15 to his death at 51), it covered some 13,000 days — including Sundays. But Doré also traveled, played the violin, was a surprising gymnast (he did spectacular somersaults and once walked on his hands around the dizzying battlements of a medieval fortress), enjoyed playing the role of a fashion-plate dandy and took the ladies out to dinner (he lived all his life with his mother, however, and died of a heart attack two years after losing her).

Strangely enough, this phenomenal illustrator and painter, who was world famous during his lifetime, has not yet found his proper niche in art history. Both in his day and ours, he has often been dismissed as a curiosity. The century exhibition at the Musée Carnavalet and the Pavillon des Arts is therefore a welcome opportunity to find out what Doré achieved and also what he did not pretend to achieve.

Doré's most spectacular talent, besides his swift and brilliant draftsmanship, was an exceptional

ly vivid imagination. But it is not only vivid, it also conveys, when it is at its best — as in the illustrations for Don Quixote — a sense of the definite.

Honoré Daumier also did several unforgettable paintings on the same theme, less narrative and more archetypal. The comparison between the two is interesting: Daumier too was a born draftsman and an abundant illustrator. Strangely enough Doré, some 25 years younger, is more Romantic in his idiom and lacks the graphic freedom that makes Daumier's genius seem so modern.

Doré had a conservative disposition as an artist, but he had the immediate and vivid fantasy of a child and an innate sense of the theatrical. The most characteristic trait of all Doré's work is the immensity of the world he represents. As in a child's imagination, the wide world is displayed as the vast arena of unpredictable adventures. This is where Doré is at his best, whether he is illustrating Cervantes, the adventures of Sinbad, Coleridge's "Rime of the Ancient Mariner," Tennyson, Milton's "Paradise Lost" or the Bible. He also did Dante, Rabelais, Balzac, Perrault, Chateaubriand, Théophile Gautier, La Fontaine, Ariosto, Edgar Allan Poe, parts of Shakespeare and "The Tale of the Wandering Jew."

This last tale, probably a Christian folk variant on the theme of Elijah wandering unrecognized through the world to this day, offers the sort of opportunity that Doré's imagination thrived on. His Wandering Jew, who is unable to die until the Second Coming, is a colossal figure with an implausible mass of hair and beard radiating about his head — a patriarch gone to seed.

Many of Doré's paintings and watercolors deal with the subjects of his illustrations. They are to be seen, with his sculpture, at the Pavillon des Arts, while the show at the Musée Carnavalet is devoted to

his illustrations, with several slide projections to help handle the unwieldy bulk of his production.

The watercolors are remarkable not only because of Doré's mastery of the medium but because he saw no reason not to use it on a very large scale. As a result, there are such unusual works as his fine life-size 1879 portrait of his seated mother, or the even larger series of comic birds.

Doré, who was born in Alsace and saw his native province taken over by Prussia in 1871, painted a number of dramatic works dealing with this subject and with the horrors of war. His vision here is sincere, even touching, but conventional. The sorrowing Alsatian woman with lowered eyes clutching a French flag is not the standard patriotic theme that filled French salons and produced reams of doggerel calling for "la revanche."

Doré's grief was the true grief of a child who is severed from a place he loves, no doubt because Doré's imagination, despite his dazzling gifts, was always fundamentally a child's imagination. This is the specific nature of his gift, his most fundamental quality, and it allows us to feel at home in his magnificent illustrations — because his world is one we have always known.

In the British Isles, Doré was much appreciated, and considered one of the greatest French artists. He traveled to Scotland on several occasions and drew London on the way, producing some striking pictures of the teeming life and grim poverty of the poor that Dickens wrote about. His ragamuffins are authentic children living from hand to mouth in unsentimental destitution, and his perspectives of industrial London ("London, A Pilgrimage") are striking illustrations of overcrowded housing and brutal architecture.

But when he reached Scotland, Doré found the vast and moody perspectives that suited his taste. His admirable Scottish landscape



Doré's "Apparition of Banquo's Ghost."

paintings are intensely Romantic. They have the scope of his best illustrations, but they also convey the beauty, mystery and loneliness of unpopulated nature.

Finally, Doré was an excellent, sometimes playful, sometimes conventional sculptor. One of the items in the show is a mirror in a golden frame he designed for the Empress of Russia. A flock of baby angels are shown busily pushing aside a heavy golden curtain to reveal the imperial features in the oval glass.

Victor Fournel, one of his contemporaries, sized up Doré in the following terms: "His nature was independent, sincere and proud, but his character was uneven and very personal. He was neither a man of the world with amiable and correct manners, nor a brilliant and

seductive talker. There was nothing romantic about him and his conversation was halting, blunt and familiar, almost abrupt and did not correspond with the ideal representation one could have of him, even though it might contain original flashes of wit and lively sallies." Edmond de Goncourt did not like his "fresh, babyish, round, flat face — a moon-face for magic lanterns," but the critic Jules Claretie, who described him as mercurial, said: "He has everything one needs to be successful: cheerfulness, vitality, dedication and... a pleasant face."

Gustave Doré, Pavillon des Arts, Forum des Halles, Terrasse Rambuteau, Paris 1, and Musée Carnavalet, 23 Rue de Sévigné, Paris 3, every day but Monday from 10 A.M. to 5.40 P.M. until Nov. 6.

Automats and Siren Songs

By Sourcen Melikian
International Herald Tribune

LONDON — Few items seen at auctions are quite as mysterious as a Mozart sound box. The first mystery is the Mozart connection — no one seems to know how that was established. The other mysterious thing about it is why anybody would want one, even as part of a "Salon Pathophone with 10-inch turntable" and white painted metal horn, all encased in stained oak, such as was being sold at Sotheby's on Tuesday. The lot looks like a cheap piece of mass-produced furniture with a common record-playing system.

And that is exactly what it is. At Sotheby's sale of mechanical musical instruments and automata, one piece tempted a buyer to pay £264 (about \$393). There

THE ART MARKET

must be thousands quietly rotting away in attics throughout France, where this one was made around 1910. However, such wanton waste may not last much longer. There seems to be a surge of collecting in the field of mechanical musical instruments, to which this sale will remain as a monument.

The auction consisted mainly of pieces sent in by two collectors who had decided it was time for them to weed out their collection. Their mechanical musical collection was gathered over the last decade, and the automata collection over about 30 years. Automata have a long past of respectability that mechanical musical instruments have yet to achieve.

Both can soar to unexpected heights. The appeal of automata is elusive: Even specialists find it hard to account for collectors' fits of enthusiasm. What is the attraction of a low pedestal topped by a miniature upholstered armchair in which a woman is stiffly seated, her head thrown back and her legs stretched as if she suffered from intense rheumatism? The fact that she "flutters her eyelashes while fanning herself and then slowly raises one hand to raise her veil and gaze across the room, while her bosom gently heaves" — as Sotheby's specialist, John Baddeley, notes — is not the answer.

Essentially the heaving bosom, according to Sotheby's specialist, John Baddeley. The reason was certainly not its good condition: The piece had been extensively renovated, and never did a supposed late-19th-century French woman's dress look so unconvincing. At £1,760 it was not exactly a giveaway.

If sex appeal of mechanical dolls is one factor, the teddy-bear instinct, savagely repressed during our so-called adult years, is another. Early this century a French firm called Descamps produced a large assortment of bears, pussycats and other furry fellows.

On Tuesday the megalomaniac started with a shaggy bear playing a tin-plate drum. There was not much of a mechanism left, but its black tusked hair and wide-open red mouth lined with white teeth proved irresistible — it went for £242. So did a white puss-in-boots wearing one boot while polishing the other — £308. Peanuts compared with the bigger lots.

First there was a couple of dancers in 18th-century costume as imagined by French dollmakers in the 1870s and revised by English restorers in the last decade. The costume had been entirely restored, the conscientious dress restorer having taken photos, drawn sketches and taken notes of the object, all made available to the buyer. At £3,740, the winning bid, this is the least that could be done for the buyer, an American collector. It is a moot question how often he will have the courage to send the French couple waltzing away on the floor of his house, as the mechanism allows. The merest shock can fatally crack the dolls' heads, and with that, bang goes the £3,740. Renovation does not matter, as long as the ultimate

condition is impeccable. Alas, a crack in the head is beyond human repair.

Automata on the whole are fragile things. Few have come down to us untouched. Hence the rarity of the scene of a monkey schoolmaster teaching arithmetic to a little monkey pupil who stands at the blackboard under a leafy tree. The bespectacled master holds a book open in one hand, raises a cane in the other and moves his head as the musical movement plays a French note, all of it on an ornate base under the protective cover of a glass dome. At £3,960, this was not overly expensive in comparison with the previous piece.

Big business began with the third part of the sale — musical boxes, piano-melodios, violano-virtuosos and the like. It takes an experienced eye to detect the real gem. To the spectator who might be thinking in terms of decorative art, a "fine 24½-inch Lockmann 'Original' disk musical box on stand" as Sotheby's catalog calls it, looks surprisingly like one of those

sands of heavy sideboards favored by the lower middle class throughout Europe at the turn of the century. The brown, undistinguished veneer, the heavy ball seat and proved molding at the base and top are very much in the taste of an elderly generation of connoisseurs in the wealthy districts of Paris today. Never trust appearances. This, the specialist commented, "is the Rolle-Royce of the disk musical boxes." He quotes a similar item sold in 1905 directly from the firm's catalog for an astronomical 400 marks. On Tuesday a Florida collector acquired it for £3,960.

As the sale, conducted with great virtuosity by Baddeley, proceeded, excitement rose. A violano-virtuoso made by the Mills Novelty Co. of Chicago sent the room into ecstasy. When sold, the item looks like a cheap mahogany veneer *secrétaire* in neo-Napoleonic style of the kind that was fashionable around 1910, when this was made. But no *secrétaire* ever made such noise. The mechanism owes its excellent shape to the recent restoration done by Andrew Filmer of Horbury in West Yorkshire. When a coin was inserted immediately after the sale to check its condition, the violin mounted horizontally in the middle of an elaborate mechanism, started whining loudly, if somewhat out of tune, and the 44 keys of the automatic piano went clanging all at once, comfortably filling Sotheby's large auction room with sound.

After fierce competition, the piano virtuoso was wrested from an eager West German dealer by a \$12,100 commission bid from the United States. If American fellow collectors feel a pang of jealousy, they may comfort themselves with the thought that while violano-virtuosos may be "rare" on this side of the Atlantic, as stated in the catalog, they are plentiful in the United States, where they seldom exceed \$6,000 to \$8,000, half Sotheby's auction price. Someone must have forgotten to tell the American bidder.

The sale culminated with an orchestration made by Pierre Eich in Ghent, Belgium, around 1925. The instrument defies description. The movement, operated by inserting a coin, plays from paper rolls on piano. It also has 102 organ pipes in six automatic registers including clarinet, saxophone, cello, violins and so on. Filmer, who knows the instrument well and restored it, speaks highly of the firm's work. Such an instrument would have been playing every day since it was made around 1925 until about 1960, when this one was bought from a Belgian café. It will now go on producing melodious sounds in Florida for a mere £13,200.

U.S. Court Case Divides Publishers and Authors

By Edwin McDowell

New York Times Service

NEW YORK TIMES — In a decision hailed by book publishers but questioned by the Authors Guild, the U.S. Court of Appeals for the Second Circuit unanimously reversed a lower court decision that Prentice-Hall failed properly to advertise and to promote one of its books, "Du Pont: Behind the Nylon Curtain," by Gerard Cobb Zilg.

Publishers say the decision affirms their right to determine the size of a book's press run and advertising budget. "This is the first time a court has spelled out the scope of a publisher's obligation to promote the books it publishes," John Koshel, the lawyer for Prentice-Hall, said. "The court has now declared that the publisher, under terms of a traditional contract, is under an obligation to use 'fair and reasonable' efforts to promote its books, and it also said that a jury or judge should not second-guess the decisions of a publisher as to whether it acted in good faith."

Townsend Hoopes, president of the Association of American Publishers, is equally pleased with the court ruling. "It restores the sense of proportion that was needed," he said. "It said that the rule of reason

applies, and that Prentice-Hall acted reasonably."

But Irwin Karp, counsel for the Authors Guild, which filed a brief in support of Zilg, said the elation of publishers may prove premature. "Authors can still claim that publishers didn't fulfill their obligation to exercise reasonable efforts," he said. "They can still get damages if they can prove that a publisher acted in bad faith." Karp added that in his opinion the Court of Appeals did not follow New York law, under which there is an implied obligation for a licensee — in this case, a publisher — to exercise its best efforts.

Carl Stewart, the lawyer for Zilg, likewise thinks that the Court of Appeals did not follow the law. "It cannot reverse a finding of facts by the lower court unless it finds that those findings were clearly erroneous, and it did not state that it found them clearly erroneous," he said. He said he would file a petition for a rehearing.

The Zilg book, published by Prentice-Hall in November 1974, was optioned to the Fortune Book Club for \$5,000. In July of that year, when the book was in galley proofs, a spokesman for E.I. du Pont de Nemours & Co. telephoned the head of the Book-of-the-Month Club (which owns the

Fortune Book Club) and said that Du Pont considered the book "scandalous and unfair." Soon after the club canceled its option and forfeited its \$5,000.

Prentice-Hall, after accusing the book club of knocking under to pressure, reduced its scheduled 15,000-copy first printing to 10,000 and cut the advertising budget from \$15,000 to \$5,500. Zilg subsequently sued both Prentice-Hall and Du Pont for more than \$1 million, contending that the publisher had breached its contract with him by bowing to pressure from Du Pont to curtail distribution of the book.

Judge Charles L. Bryant, who conducted the trial in federal district court, ruled last year that "there is no evidence that Du Pont attempted to 'suppress' the book," even though "Every possible inference adverse to the character of the Du Ponts is drawn by the author."

He ruled that Prentice-Hall had breached its contract by failing to use its "best efforts" to promote the book "fully and fairly" because of embarrassment over its content or concern for its marketability. Saying the book could have sold 25,000 copies instead of the 12,500 copies it did sell, he ruled that the publisher was therefore entitled to \$24,250 in additional royalties that he would have received from the higher sales.

That decision galvanized the hearts of the many writers who believe that their publisher failed to publicize or promote their book adequately, a complaint that is one of the main sources of irritation between authors and publishers.

But the decision of the three-judge Court of Appeals, written by Judge Ralph K. Winter, noted that the contract between publisher and author expressly leaves printing and advertising decisions to the publisher. Judge Winter added that any such decision "is not subject to second-guessing" by judge or jury. On the other hand, those who support the authors' point of view take comfort from Judge Winter's additional comment that the contract in question also establishes a relationship between publisher and author, "which implies an obligation upon the former to make certain efforts in publishing a book" it has accepted.

Those who support the authors' point of view say that the obligation language in the decision will make publishers more careful about the way they publish books. Now, they say, publishers will have to make some effort to sell all the books on their list, rather than to allow some of them to sink without a trace on publication.

But the extent of the effort apparently is still up to the publisher. Once the initial obligation is fulfilled, Winter ruled, all that is required is a good-faith business judgment.

The court's 26-page decision is likely to be analyzed and debated for months, and first perceptions may be changed. Moreover, Zilg could still try to take his case to the Supreme Court. But for now, at any rate, book publishers are elated.

By Rona Dobson
International Herald Tribune

ANTWERP, Belgium — James Ensor was an exotic eccentric, an enigma as artist and as man. His bizarre midnight caperings on the rooftops of Ostend, shouting insults at inhabitants of the seaside town he lived in all his life, are echoed in the distorted visions he painted of carnival revelers in nasty masks roving streets and beaches.

Yet Ensor also painted those same rooftops tranquil under huge dawn skies as light filtered through the bulky clouds above the sea, observed at firsthand from his stance among the chimney pots. His mother was Belgian, born in Ostend, his father English, born in Brussels; mostly it was his mother who supported the family with her seaside souvenir and carnival mask shop, while his father briefly took off for America to make his fortune, failed and returned home to take up serious drinking.

A seemingly vicious misogynist who lampooned women both in general and in particular in his savage brilliant writings and his many drawings and paintings, Ensor nonetheless lived his life in a female stockade surrounded by mother, sister, niece (half-Chinese, the result of a brief union between his mother and a Chinese living in Germany) and mistress — quite content to be nagged and nurtured all his days.

The phases and contradictions in his work and life, the mellow and the moody, the macabre and the earthly coarse, are well illustrated in the exhibition now in Antwerp at the Fine Arts Museum; 120 paint-

ings and more than 100 drawings offer a chance to ponder and absorb this elusive artist, who seems to shoulder his way through the tight conventions of late 19th-century art into an era of his own. For Ensor, life was a constant confrontation, a battle against what he saw as entrenched bigotry, hidebound ideas, personal animosity and social injustice.

The conflict was intensified by his introspective, bitter turn of mind and exteriorized by a ferocity of caricature that must have scared the wits out of friends and enemies alike. Few were spared the transformation from commonplace human features into grinning travesties incorporating vice, corruption, hypocrisy and any other nastiness Ensor could gleefully conjure up.

In the vast painting "Christ's Entry into Brussels," a key Ensor work, the artist has a field day satirizing hostile critics, pompous clerics, former friends who had ventured admonitions, all of whom appear as actors in the crowd scenes. The modest figure of Christ, encircled with a gold Byzantine halo and bearing a distinct resemblance to the artist himself, is just visible between two throngs of posturing humanity.

Ensor's persecution paranoia resulted in a tendency to identify with Christ as a fellow-victim of bigoted machinations. Controversy arose a few years ago when the painting, lent to the United States for almost two years, seemed likely to stay there. An anonymous millionaire was said to have offered \$2 million for it, and a row that Ensor would have delighted in blew



Ensor's "The Gendarmes," in Antwerp show.

up in Belgium at the idea of losing their own mad painter's masterpiece. However, the owner, with virtuous patriotism, declined to sell and the work was safely returned.

Ten years earlier, when he was 17, Ensor painted a very different scene, a small work but a miniature masterpiece much cherished by the Antwerp Museum, where it forms part of the permanent collection. A lone bathing chariot stands solitary on a narrow path on pale sand beside a stretch of steel-gray sea under a wind-whirled northern sky, seeming to provide a clue to Ensor's own sense of isolation.

Other early works are darker and more somber in palette. The interiors probably represented security and comfort to his wary spirit, perhaps even safety from the lurid figures he loomed later on canvas, roomed filled with furniture and peopled by women. Sudden illumination breaks through in "The Oyster Eater," an interior scene lighted by a color-flecked thick white tablecloth, white napkins, the woman diner's white blouse. The visual pleasure is heightened by a voluptuous lingering on wine bottles, green goblets, flowers, a lemon, making one still life that almost hides the barely visible oyster. Behind her head, a pile of books on a dresser emphasizes that this is a living room, not a restaurant.

Like the Belgian Surrealist Magritte, Ensor lived a peaceable small-town life, conjuring up his images and coaxing them on to

canvas in a very ordinary, cluttered room within a small and cluttered house, now a museum in Ostend complete with a reconstruction of the souvenir and mask shop on the ground floor. Ensor's paintings of his own room reveals wall hung frame-to-frame with art work, his favorite oriental vases, a squashy green armchair and his sturdy upright black piano, a cramped environment that must have cradled his seething spirit coolly. He seethed a lot in his creative years, though the seething turned to purring when belated critical appreciation brought him the title of baron and establishment approval.

The Belgian taste for the grotesque seems to have accounted for the instant popularity of his hauntingly demonic carnival fantasies, produced when he discovered the release of color. Within the evocative artist, a dæmon may have been struggling to escape. Years later, in a medium little known to Ensor, Fellini brought to life a wide-screen vision of human grotesqueries akin to those in Ensor's painted world. The filmmaker's own drawings undermine the strange similarities in their outlook, both seeing life as a setting for bright-hued venality and breathtaking vulgarity.

A painting by Ensor of his own set design for a theatrical venture in 1910 displays his eye for theater and incorporates his own house in Ostend as part of the scenery. ground-floor window filled with

gesticulating puppets. Because his distortions of human features into carnival masks proved so popular, Ensor took to adding them to older and more academic works, sometimes to startling effect.

A conventional somber study of a negro in the style of Rubens, probably done in his Brussels art school days, has a pyramid of funny faces in typical Ensor technique or peering in from the side, upsetting the balance of the painting but adding dash and verve to an otherwise static presentation.

Another surprise is the glimpse of a different style he might have developed but never did: a sudden piece of geometric art: four squares of strong colors outlined in black and topped with white zigzags bulk large in an unexceptional architectural portrait of Brussels Town Hall, almost eclipsing the main monument.

Self-portraits plot the course of the wayward young man to titled artistic figurehead and provide plenty of surface detail to study. But Ensor angrily observant of social misery and police brutality, Ensor in a flower-decked hat, Ensor the painter of children with a rare gentleness and intimacy, Ensor in jaunty mood, Ensor of the fertile imagination for the freakish and the frightening, remain disparate personalities difficult to reconcile into one man.

James Ensor, Fine Arts Museum, Antwerp, to Oct. 30.

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Statistics Index
AMEX prices P.11
NYSE prices P.12
Gold prices P.13
Commodities P.14
OTC Stock P.15
Other Markets P.16

ECONOMIC SCENE

By LEONARD SILK

Keatsian Economics and the Role Of the 1984 Presidential Election

NEW YORK — The most important factor affecting the state of the U.S. economy now and for the next few years is probably the 1984 presidential election. Conversely, the most important factor affecting the election is the economy. Modifying John Keats' famous equation of beauty and truth, one might even say: Politics is economics, economics is politics; that is all we know on earth, and all we need to know.

That may be a vast oversimplification, as some critics said of Keats' formula, but it is no more truisms. Those presidents, such as Herbert Hoover, Gerald R. Ford and Jimmy Carter, who allowed the economy to languish during an election year never returned to tell the tale. Those who insured economic, advance and falling unemployment in election years, such as Franklin D. Roosevelt and Richard M. Nixon, triumphed.

Obviously, if Ronald Reagan chooses to run in 1984, he will want the economy moving briskly upward. Much of his recent tolerance of the huge budget deficit and his unwillingness to countenance significant tax increases to narrow the gap appear to stem from his desire to keep the economy climbing through the campaign.

But fixing the economic course is not as simple for the White House as it was in the days before Paul A. Volcker became chairman of the Federal Reserve Board and the financial markets became so highly sensitized to changes in the growth of the money supply. One must beware of perverse reactions in the markets that would drive up interest rates and cause the recovery to stall.

The Fed has made clear that it means to take a fairly restrictive line for the rest of this year. Political cynics think the pain today only precedes pleasure tomorrow.

But the Fed lives in a glaring white spotlight in these sophisticated times, and it seems unlikely that it could get away with a politically motivated course, even if it wanted to. Having been reasonably tough in the election year of 1980, when Mr. Carter was running, Mr. Volcker is likely to feel obliged to do the same for Mr. Reagan or any other Republican candidate.

The financial and economic outlook is likely to be affected by whether Mr. Reagan does run. Business and the financial community doubtless look at Mr. Reagan as good news. The boom in the equity market in the past year is one piece of evidence for that.

And whether supply-side economics has failed to produce an upsurge in savings and investment or not — and the answer appears to be that it has not — the president's constituency among those who hate taxes even more than they hate big budget deficits is likely to be downcast if he does not run, since he is believed to be the only Republican who can win.

Waiting in the Wings
Nevertheless, other Republican hopefuls, especially Senate Majority Leader Howard H. Baker Jr. of Tennessee, Senator Robert J. Dole of Kansas, and Vice President George Bush, are waiting nervously in the wings, ready to rush on stage if Mr. Reagan decides to enjoy the pleasures of retirement. The Republican right-wingers would like someone more in their own image — indeed someone well to the right these days of Mr. Reagan — but they are unlikely to jump ship if they are disappointed.

On the Democratic side, a flock of candidates, led by former Vice President Walter F. Mondale and Senator John Glenn, of Ohio, have been wheeling around the country looking for friends, deals and issues on which they can win. The Democrats are more ideologically strident than the Republicans. A contest is still to be fought out in the primaries over whether their party will stick with its traditional allies among labor, the blacks and other minorities — the "forgotten men" of the Roosevelt era — or, in a society that has grown more affluent, whether to shift to the middle on the major economic issues.

Those issues are still to be clearly defined. At this juncture, these appear to be paramount:

• Should the nation focus on fighting inflation or reducing unemployment? Or is there a better way of doing both than supply-side economics combined with monetarism has proved to be? How can more jobs be created for the hard-to-employ?

• How can the competitiveness of the United States in world markets be enhanced? Does this require a new "industrial policy" and if so, what kind of policy would that be? Should more be done to help failing industries or regions? Or does the system really need not more government interference or protection but less?

• How can the huge deficits that lie ahead be reduced? Should stress be given to trimming military and social expenditures, or to repairing and increasing the yield of the tax system?

• Are the budget deficits the prime cause of persistently high interest rates? If not, how can real interest rates be brought down to help productivity-raising capital investment in plant and equipment, research and development, housing and expenditures on autos and other big-ticket items, while reducing the overvaluation of the dollar, helping revive world trade and easing the problems of the debtor nations?

The major issues can be carved up and formulated differently. But the country will be eager for better answers than it has had thus far.

New York Times Service

Osborne's Case May Be Industry Omen

Personal-Computer Firm's Woes Are Believed to Presage Shakeout

By Andrew Pollack

New York Times Service

NEW YORK — Osborne Computer Corp.'s filing under Chapter 11 of the U.S. bankruptcy laws was the first spectacular failure in a shakeout in the personal-computer industry that is bound to hit many other companies, according to analysts and executives.

Under Chapter 11, a company seeks court protection from creditors while it works out a plan to put its finances in order.

The same problems that hit the home-computer industry — oversupply and severe price competition — are starting to affect the market for more expensive personal computers, which are used largely in business.

By some estimates, there are more than 150 companies trying to compete on the periphery of a business that is increasingly dominated by International Business Machines Corp. In such a crowded environment, and one in which technology is changing so quickly, one can go from riches to rags almost overnight.

"Clearly we're seeing the shakeout," said David Lawrence, an analyst with Montgomery Securities in San Francisco. "The early victims and potential victims are the ones who made the worst mistakes."

Already several personal-computer companies are experiencing huge losses and layoffs.

Computer Devices Inc., which makes a portable computer, is seeking a company to take over the company and has laid off half its work force. Victor Technologies has had two major layoffs, and this week received an emergency transfusion of cash from its major stockholder, Vector Graphic Inc. and Fortune Systems are two other former high fliers that are experiencing losses.

Other companies that might go out of business are privately held; (Continued on Page 9, Col.3)



Adam Osborne, founder of Osborne Computer, carrying one of his portable computers in the back of a car.

Apple Is Expected to Cut New Product's Price

New York Times Service

NEW YORK — Apple Computer Inc. will cut the price of its new Lisa computer by 18 percent in an attempt to stimulate lagging sales of the innovative but expensive machine, according to industry sources.

The price will be reduced to \$8,190 from its current list price of \$9,995, the sources said Thursday, and Apple will allow customers to buy the hardware without the software for \$6,995.

The six software programs that come with Lisa can be purchased for \$1,195 as a package and the six programs plus a dot-matrix printer and printer interface can be purchased for \$1,495. It is also believed that Apple plans to sell the programs individually for prices ranging from \$195 to \$395.

An Apple spokesman refused to confirm or deny the reports. But it is known that the company has been briefing dealers and analysts about it.

Lisa, announced with much fanfare in January, was considered a highly innovative machine because of its ease of use.

Users can accomplish tasks by pointing at pictures on the screen using a handheld device known as a mouse. In addition, the computer has what is known as integrated software, meaning that the user can easily shift from one task such as word processing to another such as financial analysis.

Despite its features, analysts had suggested Lisa would have trouble selling at \$10,000, and apparently they were right.

"Lisa sales have been difficult into the corporate marketplace," said Roger Williams, vice president of sales and marketing for Morris Decision Systems, a New York computer dealer.

In addition to the high price, he said, Lisa did not yet have the capability to communicate with large mainframe computers, an important feature for computers used in large companies.

David Lawrence, an analyst with Montgomery Securities in San Francisco, said the price cut "is confirmation of the fact that the machine wasn't doing as well as they had hoped."

He estimated that Apple had shipped 8,000 Lisa computers to dealers this quarter and 3,000 last quarter, but said that the dealers were not selling the machine to the public as fast as Apple had shipped them.

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Japan's GNP Climbed at a 3.6% Rate in Quarter

Reuters

TOKYO — Japan's gross national product rose a real, or inflation-adjusted, 0.9 percent in the first quarter from the previous quarter, the Economic Planning Agency said Friday. Japan's fiscal first quarter ended June 30.

GNP is a nation's total output of goods and services.

The 0.9-percent real growth in the June quarter is equivalent to an annual 3.6-percent rise, which is above the government's 3.4-percent target for the fiscal year ending March 31, officials at the agency said.

GNP in the quarter ended in March had risen 0.2 percent from the preceding quarter, the agency said.

In nominal terms, which means unadjusted for inflation, GNP rose 0.6 percent in the June 30 quarter from the previous quarter, when it had grown 1.3 percent, the agency said.

The slower growth in nominal terms than in inflation-adjusted terms mainly reflected more stable prices. This also happened in the quarter ended last December, when nominal GNP fell 0.2 percent while real GNP rose 0.4 percent, it said.

Real GNP in the fiscal first quarter, annualized with an inflation deflator factor, totaled 207.634 trillion yen (\$847.48 billion) and 272.007 trillion yen in nominal terms, the agency said.

The annual rate of inflation-adjusted growth in the quarter ended March 30 was revised to 0.9 percent from a preliminary 0.7 percent, the officials said. Real GNP in the fiscal year ended March 30 was 3.3 percent, below the government's initial target of a 5.2-percent rise, they added.

The faster real economic growth in the June quarter was achieved mainly by increased public spending in addition to continued strong exports, the officials said.

Public-works spending rose 5.2 percent. In the previous quarter, such spending had fallen 5.3 percent.

Exports rose 2.9 percent in the quarter, in contrast to a drop of 0.3 percent in the previous period. Imports rose 0.2 percent after having fallen 3.8 percent in the quarter ended in March.

The increases in exports and imports reflected a gradual economic recovery at home and abroad, the officials said.

But private housing construction declined 13.7 percent in the June quarter from the previous three months, when it had fallen 1.1 percent.

Personal spending rose 0.3 percent in the June quarter, a slowing from a 0.6-percent gain in the previous three months.

■ Farm Talks End
Japanese and U.S. officials said that they had ended two days of farm talks without agreement on

Washington's demand for a significant increase in Japan's imports of beef, oranges and citrus-fruit juice, Reuters reported Friday from Tokyo.

A U.S. official, who declined to be identified, said tensions between the two sides had not been significantly reduced and that prospects of resolving the matter before President Ronald Reagan's visit to Tokyo in November would "depend to a very great deal on Japan."

He said both sides had agreed not to give details of the talks.

Many brokers are bullish on BP shares as cost-cutting moves, especially in refining and marketing, begin to produce benefits. In addition, the chemical operations are widely expected to return to profitability soon, and BP is embarking on promising exploration programs in the South China Sea and in the Mulkuk field off Alaska.

Michael Unsworth, chief oil analyst at Scott, Gifford & Co., forecasts that BP's profit will rise to about \$200 million this year and to \$1.2 billion in 1984 from \$716 million in 1982.

Many analysts say the government needs to treat unwieldy well if it is to carry out its plans for further sales of shares in state-owned companies, including such giants as British Telecom.

For the BP sale, bidders will have to put up £2 a share next Friday and the rest Jan. 11. The bank said that there will be no separate offer in the United States but that a registration statement has been filed with the U.S. Securities and Exchange Commission to allow U.S. residents to apply for the shares.

IBM, which Thursday introduced two new processors for its mid-range computers and cut prices on other products, gained 1% to 123%.

Texas Instruments rose 2 to 123%. The company unveiled a new "two-in-one" microprinter that provides letter-quality printing for word processing and draft quality for data processing.

Tymshare skidded 4% to 22. Wang Laboratories said Thursday that it sold the 530,800 shares in Tymshare it had acquired last month.

Commonwealth Edison was the most active NYSE-listed issue, off 1% to 27%. Merrill Lynch, which

slumped 6 the previous four sessions after projecting lower third-quarter earnings, was second, up 1% to 36%. American Telephone & Telegraph was third, up 1% to 67%.

Among the transportation issues, Burlington Northern rose 1% to 97%. Norfolk Southern 1% to 69%. Rio Grande Industries 2% to 52%. Santa Fe Industries 1% to 33% and Union Pacific 1% to 59%. UAL Corp. rose 2% to 31. AMR Corp. 1% to 29% and Northwest Airlines 1% to 40%.

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Fed Reports M-1 Up \$5.5 Billion In Latest Week

Compiled by Our Staff From Dispatches
NEW YORK — The U.S. money-supply measure known as M-1 rose \$5.5 billion in the latest week — a figure in the range of expectations. Analysts said the news signaled a steady course for the Federal Reserve.

"This has been a watershed week in terms of speculation over money supply," said David M. Jones, economist at Aurbrey G. Lanston & Co. "But there are two important factors in the report that should calm markets in the days ahead."

Mr. Jones noted that the money supply report came in on the high side of expectations but in the range. The reporting week included the first of the month, when Social Security and other transfer payments normally cause a bulge in money supply. This month's period also included the Labor Day holiday, giving money an extra day in checking accounts.

"But second, and more important, M-1 remains inside the Fed's 5-9 percent (increase) target range," Mr. Jones said. "From the point of view of Fed response, I believe it will take the number in stride and will not take any tightening measures."

M-1, comprised of cash, checking accounts and similar accounts — or money that is available for immediate spending — was a seasonally adjusted average of \$518.5 billion in the week ended Sept. 7, compared with \$513 billion the previous week. The previous week's figure had originally been reported at \$513.3 billion.

Bond prices, which showed little movement most of the day, held their ground following the report, which was just about in line with experts' projections of a \$3-billion-to-\$6-billion increase.

Late buying after the M-1 report was not enough to erode earlier losses for the dollar Friday against most currencies. In New York, the dollar fell to 2.6715 Deutsche marks from 2.6760 in late trading.

Rumors earlier this week, roundly denied by the Fed, that the money supply would be revised upward by several billion sparked turmoil in all the markets, sending bond and stock prices down and the dollar up.

"There were wide fluctuations in the markets based on these fears, which obviously didn't happen," Mr. Jones said. "Starting Monday the markets may begin to settle down."

Commercial and industrial loans at major U.S. banks fell \$57 million in the latest week, compared to a gain of \$225 million the previous week.

Demand Expected Strong for BP Stock

By Bob Hagerty
International Herald Tribune

LONDON — Stockbrokers say demand should be fairly strong for the 130 million British Petroleum shares to be sold by the government under terms announced Friday.

The Bank of England said that the shares would be sold by tender for a minimum of 405 pence (\$6.10 apiece, about 5 percent below Friday's close on the London Stock Exchange of 426 pence. Applications to buy the shares are due next Friday.

The sale, which was announced in July as part of a plan to reduce Britain's budget deficit, is expected to raise at least £500 million (\$750 million) after expenses and reduce the government's holding in BP to about 32 percent from 39 percent.

Brokers generally said the terms are not generous but appear reasonable, barring a sharp drop in oil shares before next Friday's deadline.

Many brokers are bullish on BP shares as cost-cutting moves, especially in refining and marketing, begin to produce benefits. In addition, the chemical operations are widely expected to return to profitability soon, and BP is embarking on promising exploration programs in the South China Sea and in the Mulkuk field off Alaska.

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Many analysts say the government needs to treat unwieldy well if it is to carry out its plans for further sales of shares in state-owned companies, including such giants as British Telecom.

For the BP sale, bidders will have to put up £2 a share next Friday and the rest Jan. 11. The bank said that there will be no separate offer in the United States but that a registration statement has been filed with the U.S. Securities and Exchange Commission to allow U.S. residents to apply for the shares.

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1. Presentation of the report of the Board of Directors;
2. Presentation of the report of the Statutory Auditor;
3. Approval of the balance sheet at May 31, 1983 and income statement for the fiscal year ended May 31, 1983;
4. Discharge of Board of Directors and Statutory Auditor;
5. Election of eight Directors, specifically the re-election of all present Directors;
6. Election of Statutory Auditor, specifically the re-election of the present Statutory Auditor;
7. Declaration of a cash dividend to the Shareholders and authorisation of the Board of Directors to declare further dividends out of the Fund's net profits earned during the year ended May 31, 1983, as and when the Board shall so determine;
8. Consideration of such other business as may properly come before the Meeting.

No quorum is required for approving the Items of the Agenda and resolutions thereon may be passed by the affirmative vote of a majority of the shares present or represented at the Meeting. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

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Interbank exchange rates for Sept. 16, excluding bank service charges

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33
US\$100 to	1.00	0.63	0.35	2.48	2.46	1.93	1.93	1.93	1.93
US\$100 from	1.00	1.59	2.86	0.40	0.41	0.52	0.52	0.52	0.52

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

	DM	FF	Sw	Y	£	S	Sc	N	DK
US\$100 to	3.42	3.40	20.36	166.35	163.33	136.78	136.78	136.78	136.78
US\$100 from	29.25	29.41	18.18	144.44	146.88	124.33	124.33	124.33	124.33

30-59 days	7.50	Y	One-month interbank	12%	12%
60-89 days	9.25	9.05	3-month interbank	12%	12%
			6-month interbank	12%	12%
<hr/>					
Over 90 days	10.00	9.50			

NYSE Most Actives									
Company	Vol.	High	Low	Open	Close	Change	12 Month High	12 Month Low	12 Month Volume
IBM	1,234,567	123.45	122.34	122.34	123.45	+1.11	125.67	120.12	12,345,678
AT&T	987,654	45.67	45.12	45.12	45.67	+0.55	46.78	44.56	9,876,543
Amgen	876,543	23.45	23.12	23.12	23.45	+0.33	24.56	22.34	8,765,432
Amgen	765,432	12.34	12.12	12.12	12.34	+0.22	12.56	11.34	7,654,321
Amgen	654,321	34.56	34.12	34.12	34.56	+0.44	35.67	33.45	6,543,210
Amgen	543,210	56.78	56.12	56.12	56.78	+0.66	57.89	55.67	5,432,109
Amgen	432,109	78.90	78.12	78.12	78.90	+0.78	79.01	77.89	4,321,098
Amgen	321,098	90.12	89.12	89.12	90.12	+1.00	91.23	88.90	3,210,987
Amgen	210,987	112.34	111.12	111.12	112.34	+1.22	113.45	110.12	2,109,876
Amgen	109,876	134.56	133.12	133.12	134.56	+1.44	135.67	132.34	1,098,765
Amgen	98,765	156.78	155.12	155.12	156.78	+1.66	157.89	154.56	987,654
Amgen	87,654	178.90	177.12	177.12	178.90	+1.78	179.01	176.78	876,543
Amgen	76,543	200.12	199.12	199.12	200.12	+1.00	201.23	198.90	765,432
Amgen	65,432	222.34	221.12	221.12	222.34	+1.22	223.45	220.12	654,321
Amgen	54,321	244.56	243.12	243.12	244.56	+1.44	245.67	242.34	543,210
Amgen	43,210	266.78	265.12	265.12	266.78	+1.66	267.89	264.56	432,109
Amgen	32,109	288.90	287.12	287.12	288.90	+1.78	289.01	286.78	321,098
Amgen	21,098	310.12	309.12	309.12	310.12	+1.00	311.23	308.90	210,987
Amgen	10,987	332.34	331.12	331.12	332.34	+1.22	333.45	330.12	109,876
Amgen	9,876	354.56	353.12	353.12	354.56	+1.44	355.67	352.34	9,876
Amgen	8,765	376.78	375.12	375.12	376.78	+1.66	377.89	374.56	8,765
Amgen	7,654	398.90	397.12	397.12	398.90	+1.78	399.01	396.78	7,654
Amgen	6,543	420.12	419.12	419.12	420.12	+1.00	421.23	418.90	6,543
Amgen	5,432	442.34	441.12	441.12	442.34	+1.22	443.45	440.12	5,432
Amgen	4,321	464.56	463.12	463.12	464.56	+1.44	465.67	462.34	4,321
Amgen	3,210	486.78	485.12	485.12	486.78	+1.66	487.89	484.56	3,210
Amgen	2,109	508.90	507.12	507.12	508.90	+1.78	509.01	506.78	2,109
Amgen	1,098	530.12	529.12	529.12	530.12	+1.00	531.23	528.90	1,098
Amgen	987	552.34	551.12	551.12	552.34	+1.22	553.45	550.12	987
Amgen	876	574.56	573.12	573.12	574.56	+1.44	575.67	572.34	876
Amgen	765	596.78	595.12	595.12	596.78	+1.66	597.89	594.56	765
Amgen	654	618.90	617.12	617.12	618.90	+1.78	619.01	616.78	654
Amgen	543	640.12	639.12	639.12	640.12	+1.00	641.23	638.90	543
Amgen	432	662.34	661.12	661.12	662.34	+1.22	663.45	660.12	432
Amgen	321	684.56	683.12	683.12	684.56	+1.44	685.67	682.34	321
Amgen	210	706.78	705.12	705.12	706.78	+1.66	707.89	704.56	210
Amgen	109	728.90	727.12	727.12	728.90	+1.78	729.01	726.78	109
Amgen	98	750.12	749.12	749.12	750.12	+1.00	751.23	748.90	98
Amgen	87	772.34	771.12	771.12	772.34	+1.22	773.45	770.12	87
Amgen	76	794.56	793.12	793.12	794.56	+1.44	795.67	792.34	76
Amgen	65	816.78	815.12	815.12	816.78	+1.66	817.89	814.56	65
Amgen	54	838.90	837.12	837.12	838.90	+1.78	839.01	836.78	54
Amgen	43	860.12	859.12	859.12	860.12	+1.00	861.23	858.90	43
Amgen	32	882.34	881.12	881.12	882.34	+1.22	883.45	880.12	32
Amgen	21	904.56	903.12	903.12	904.56	+1.44	905.67	902.34	21
Amgen	10	926.78	925.12	925.12	926.78	+1.66	927.89	924.56	10
Amgen	9	948.90	947.12	947.12	948.90	+1.78	949.01	946.78	9
Amgen	8	970.12	969.12	969.12	970.12	+1.00	971.23	968.90	8
Amgen	7	992.34	991.12	991.12	992.34	+1.22	993.45	990.12	7
Amgen	6	1014.56	1013.12	1013.12	1014.56	+1.44	1015.67	1012.34	6
Amgen	5	1036.78	1035.12	1035.12	1036.78	+1.66	1037.89	1034.56	5
Amgen	4	1058.90	1057.12	1057.12	1058.90	+1.78	1059.01	1056.78	4
Amgen	3	1080.12	1079.12	1079.12	1080.12	+1.00	1081.23	1078.90	3
Amgen	2	1102.34	1101.12	1101.12	1102.34	+1.22	1103.45	1100.12	2
Amgen	1	1124.56	1123.12	1123.12	1124.56	+1.44	1125.67	1122.34	1
Amgen	0	1146.78	1145.12	1145.12	1146.78	+1.66	1147.89	1144.56	0

Friday's NYSE Closing

Vol. of 4 p.m. 75,530,000
Prev. 4 p.m. Vol. 74,500,000
Prev. Consolidated Close \$4,474.18
Tables include the nationwide prices
Up to the closing on Wall Street

AMEX Diaries		
Advanced	254	254
Declined	254	254
Unchanged	254	254
Total Issues	254	254
New High	254	254
New Low	254	254
Volume up	254	254
Volume down	254	254

NASDAQ Index		
Composite	254	254
Industrial	254	254
Transport	254	254
Finance	254	254
Health	254	254
Technology	254	254
Energy	254	254
Materials	254	254
Consumer	254	254
Services	254	254

AMEX Most Actives		
Amgen	1,234,567	123.45
Amgen	987,654	45.67
Amgen	876,543	23.45
Amgen	765,432	12.34
Amgen	654,321	34.56
Amgen	543,210	56.78
Amgen	432,109	78.90
Amgen	321,098	90.12
Amgen	210,987	112.34
Amgen	109,876	134.56
Amgen	98,765	156.78
Amgen	87,654	178.90
Amgen	76,543	200.12
Amgen	65,432	222.34
Amgen	54,321	244.56
Amgen	43,210	266.78
Amgen	32,109	288.90
Amgen	21,098	310.12
Amgen	10,987	332.34
Amgen	9,876	354.56
Amgen	8,765	376.78
Amgen	7,654	398.90
Amgen	6,543	420.12
Amgen	5,432	442.34
Amgen	4,321	464.56
Amgen	3,210	486.78
Amgen	2,109	508.90
Amgen	1,098	530.12
Amgen	987	552.34
Amgen	876	574.56
Amgen	765	596.78
Amgen	654	618.90
Amgen	543	640.12
Amgen	432	662.34
Amgen	321	684.56
Amgen	210	706.78
Amgen	109	728.90
Amgen	98	750.12
Amgen	87	772.34
Amgen	76	794.56
Amgen	65	816.78
Amgen	54	838.90
Amgen	43	860.12
Amgen	32	882.34
Amgen	21	904.56
Amgen	10	926.78
Amgen	9	948.90
Amgen	8	970.12
Amgen	7	992.34
Amgen	6	1014.56
Amgen	5	1036.78
Amgen	4	1058.90
Amgen	3	1080.12
Amgen	2	1102.34
Amgen	1	1124.56
Amgen	0	1146.78

AMEX Stock Index		
High	254	254
Low	254	254
Close	254	254
Change	254	254

BULLION BUNNIES BORN AGAIN BULLS AND 300% PROFITS

When the Doves were dropping below 750, while virtually every prestigious investment firm was cringing at the prospect of "THE DITS WILL TOUCH 1,000 BEFORE HITTING 750," adding that "100,000 share trading days on the N.Y.S.E. will become routine."

At the precise time we were astounded voiced optimism, BARRON'S issued... (August 9th, 1982)... "The market seems to be saying it's seen the future and it doesn't work."

After the upsurge, BARRON'S became born again bulls in their August 23 edition.

Once the Doves crossed 1,000, we updated our prediction stating that the "DOWS WILL REACH 1,500 DESPITE SPASTIC CORRECTIONS."

Much as we during the high-tech frenzy we commented, "This remains a momentous opportunity to search for value among oils, rubbers and utilities, shoring a roll call of high tech equities."

On May 25th, we mocked the "Street" warning, "Texas Instruments \$150 is listed, sell look for Apple, Colson, Commodore and Tandy to be decimated."

The past is prologue, the epilogue has yet to be written.

Besides oils, mineral shares will erupt on the upside as a leading in gold.

Although the Aden Sisters, the Bullion Bunnies, have reduced speculators parring that gold will sell at "\$3400 or more in 1985," the Sisters worth eyeing are the "Seven Sisters," the International Oil Associates. Once the Sisters are primed, they will create an incident, spawning another OPEC crisis and as a corollary, spiraling Gold above \$600 but not to the pleasure's carcasses by the Bunnies.

We are not Shakespeare's "star-crossed lovers," predicated by fate; we mold our fiscal future.

Our current latest review equities that may be on the verge of collapsing. Conversely, we recommended a debt-free, low-priced, venture capital corporation that has filed a patent on a common product that may generate herculean earnings.

As a "piece de resistance," F.P.S. advises the purchase of a commodity that could emulate the success of Sugar which our clients purchased at a near record low subsequently selling at a 300% profit.

For your complimentary copy of this report please write to or phone...

CAPITAL GAINS RESEARCH

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BHT 37

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close Out. Chge									
174	44	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
175	45	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
176	46	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
177	47	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
178	48	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
179	49	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
180	50	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
181	51	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
182	52	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
183	53	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
184	54	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
185	55	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
186	56	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
187	57	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
188	58	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
189	59	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
190	60	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
191	61	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
192	62	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
193	63	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
194	64	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
195	65	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
196	66	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
197	67	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
198	68	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
199	69	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
200	70	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
201	71	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
202	72	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
203	73	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
204	74	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
205	75	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
206	76	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
207	77	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
208	78	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
209	79	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
210	80	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
211	81	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
212	82	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
213	83	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
214	84	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
215	85	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
216	86	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
217	87	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
218	88	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
219	89	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
220	90	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
221	91	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
222	92	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
223	93	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
224	94	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
225	95	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
226	96	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
227	97	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
228	98	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
229	99	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
230	100	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
231	101	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
232	102	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
233	103	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
234	104	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
235	105	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
236	106	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
237	107	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
238	108	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
239	109	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
240	110	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
241	111	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
242	112	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
243	113	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
244	114	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
245	115	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
246	116	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
247	117	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
248	118	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
249	119	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
250	120	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
251	121	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
252	122	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
253	123	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
254	124	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
255	125	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
256	126	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
257	127	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
258	128	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
259	129	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
260	130	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
261	131	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
262	132	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
263	133	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
264	134	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
265	135	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
266	136	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
267	137	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
268	138	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
269	139	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
270	140	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
271	141	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
272	142	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
273	143	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
274	144	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
275	145	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
276	146	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
277	147	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
278	148	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
279	149	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
280	150	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
281	151	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
282	152	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
283	153	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
284	154	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
285	155	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
286	156	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
287	157	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
288	158	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
289	159	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
290	160	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
291	161	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
292	162	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
293	163	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
294	164	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
295	165	AA	123.45	122.34	122.34	123.45	+1.11	125.67	120.12
296	166	AA	123.45	122.34	122.34	123.45	+1.11		

Harvester, on Mend, Now Predicts Profit

But Fragility of Recovery Still Poses Threat to New Management's Goals

By Winston Williams

CHICAGO — The 24th-floor executive suite at the headquarters of International Harvester Co. hardly looks like the hub of a company on the mend.

More than half the offices stand bare, bereft of both executives and secretaries. Six of the company's 13 floors of office space in the building, like the company's Fort Wayne, Indiana, truck plant and its Louisville, Kentucky, agricultural equipment components plant, have been abandoned.

The numbers show the same pattern of shrinkage. Sales at Harvester are running at about half the \$7.7 billion pace of 1979. Employment is off two-thirds, to 32,000. And Harvester's net worth, after plunging to \$30 million in the red, is still sinking fast. The first signs of a profit may not come until spring.

Cutting and slimming became Harvester's prescription for survival during the worst of the recession. Now, with the bad times receding, and interest rates at a more manageable level, Harvester executives say the company is no longer shrinking to survive.

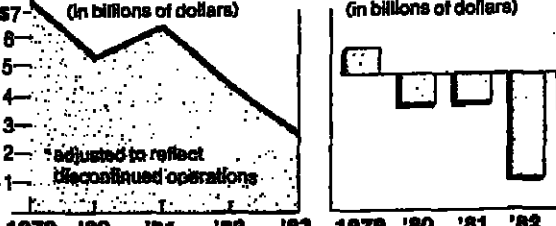
Instead, they say, the company is on the road back to prosperity, preparing to exploit the improving markets for trucks and farm equipment. Analysts, for once, agree. They warn, however, that Harvester's improved fortunes are tied directly to a durable economic recovery, not just the respite that has been the competitor's lot in the past.

"We're in the final throes of our winding down," Donald Lennox said in an interview earlier this month, as he officially moved into the chairman's office. That space had once been occupied by Archie McCordell, Mr. Lennox's deposed boss at Harvester. "You can only shrink so far. At some point in time you have to start increasing your sales."

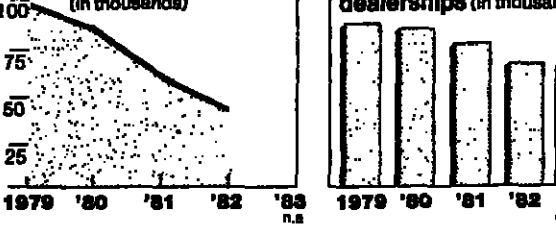
His associate, Jack B. Rutherford, another McCordell recruit, who succeeded to the company's presidency at the same time, is impatient for the turnaround.

"We want to prove to the world we're not a bunch of turkeys," Mr.

Harvester's Finances Keep Sinking...



...And Its Family Keeps Shrinking



recovery's frailty. "They're on a roll right now, but anything could go wrong," said George Dahlman, an analyst for Piper, Jaffray & Hopwood in Minneapolis. Mr. Dahlman said the strong dollar could hold down farm exports, and rising interest rates could cut into sales.

But Harvester insists that only a big economic relapse could cause it serious trouble. "We're dedicated to making money at these levels," said Mr. Rutherford.

Cost-saving measures have reduced Harvester's break-even point to where the company will start making a profit as soon as sales surpass \$4.5 billion a year. In 1981, Harvester lost \$351 million on revenues of \$6.30 billion.

At the strategic level, Mr. Lennox still is trying to divest Harvester of some small operations, including plants in Mexico, South Africa and Britain.

These divestitures, for which funds have already been set aside, would come after three years of

Rich Papers Said to Show Secret Trading

By Peter Behr
Washington Post Service

WASHINGTON — Marc Rich, the exclusive U.S. commodities trader who has taken refuge in Switzerland while resisting a U.S. investigation of his company's international operations, reportedly contends that the documents sought by U.S. prosecutors would unmask the company's role as middleman between countries that cannot openly do business with one another.

This account of Mr. Rich's motives appeared Thursday in several Swiss newspapers, based on interviews with Mr. Rich and some of his associates. These are the only interviews that Mr. Rich has permitted since he abruptly abandoned New York this summer and moved to Zug, a small farming community near Zurich.

Zug is the headquarters of his company, Marc Rich & Co., considered to be the second-largest commodities trading company in the world.

Federal prosecutors in New York have been investigating whether Rich & Co. had evaded taxes on \$20 million in income by shifting profits from its U.S. subsidiary to the parent company in Switzerland, where the tax burden is far lighter.

The documents sought by U.S. authorities would reveal Marc Rich's role as go-between in crude oil shipments from Soviet bloc nations to South Africa, nations that are not on formal speaking terms, according to Swiss accounts.

The documents would also itemize shipments of Iranian oil to the United States through Marc Rich & Co. at the peak of the Iranian crisis and the embargo imposed by the Carter administration, according to the accounts.

The interviews shed no light on the future disposition of the company's Swiss files, which are the target of a tug-of-war between U.S. and Swiss authorities.

After the documents were subpoenaed earlier this year, Mr. Rich resisted to the point where U.S. District Judge Leonard Sand imposed a \$50,000-a-day fine on Marc Rich & Co. for contempt of court.

Last month, Mr. Rich seemed to give up, paying \$2.6 million in fines and putting up securities worth \$55 million as collateral to cover any future fines, while promising to supply the documents sought by the government.

But on Aug. 9, federal agents, acting on a tip, seized two steamer trunks of records from a Swissair jetliner just before it took off on a flight from New York to Geneva and Zurich.

Swiss federal police then impounded the Marc Rich files in Switzerland that the company had promised to surrender, contending that their delivery to the United States would violate Swiss regulations against revealing "business secrets" to a foreign government.

Judge Sand has scheduled a hearing for Monday on the status of the U.S.-Swiss dispute and the role of Marc Rich in the battle over the documents.

In interviews with Swiss journalists, Marc Rich and his associates indicated that disclosure would be devastating to their business. Even the fines imposed by Judge Sand are less of a threat than the loss of the company's credibility, they said. If it came out that there was a risk that business documents would end up in the United States, they would break off business with the trading company, Marc Rich's associates reportedly contended.

Accounts of the interviews appeared in the Zurich Tages-Anzeiger and the Schweizer Handels-Zeitung.

Floating Rate Notes

Banks			Non Banks		
Issuer/Min. Amt./Maturity	Current Yield	Ask	Issuer/Min. Amt./Maturity	Current Yield	Ask
Almud 1984-84	10.30	103.15	Almud 1984-84	10.30	103.15
Almud 1985-85	10.30	103.15	Almud 1985-85	10.30	103.15
Almud 1986-86	10.30	103.15	Almud 1986-86	10.30	103.15
Almud 1987-87	10.30	103.15	Almud 1987-87	10.30	103.15
Almud 1988-88	10.30	103.15	Almud 1988-88	10.30	103.15
Almud 1989-89	10.30	103.15	Almud 1989-89	10.30	103.15
Almud 1990-90	10.30	103.15	Almud 1990-90	10.30	103.15
Almud 1991-91	10.30	103.15	Almud 1991-91	10.30	103.15
Almud 1992-92	10.30	103.15	Almud 1992-92	10.30	103.15
Almud 1993-93	10.30	103.15	Almud 1993-93	10.30	103.15
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Almud 1996-96	10.30	103.15	Almud 1996-96	10.30	103.15
Almud 1997-97	10.30	103.15	Almud 1997-97	10.30	103.15
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